



Daily Report

China

**FBIS-CHI-88-134
Wednesday
13 July 1988**

Daily Report China

FBIS-CHI-88-134

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General

Foreign Ministry on Middle East Arms Deals

HK1207150288 Hong Kong AFP in English
1443 GMT 12 Jul 88

[Text] Beijing, July 12 (AFP)—The Chinese Foreign Ministry said Tuesday it is aware of big Middle East arms deals just concluded by Britain and the Soviet Union, but it refrained from commenting about them.

"We have taken note of the relevant reports," a ministry spokesman said by telephone after being asked what China thought of the deals.

Britain on Friday signed a deal with Saudi Arabia to supply seven billion pounds (12 billion dollars) of aircraft, ships and expertise to the rich Gulf kingdom.

Then on Sunday it was revealed that the Soviet Union would be supplying arms to Kuwait, although its value and contents remain unknown.

Chinese-made intermediate-range and Silkworm anti-shiping missiles already have been deployed in Saudi Arabia and Iran, according to Western intelligence sources, although China has denied supplying arms to Iran.

UN Security Council Reschedules Meeting

OW1207164988 Beijing XINHUA in English
1555 GMT 12 Jul 88

[Text] United Nations, July 11 (XINHUA)—The president of the U.N. Security Council has decided to postpone till July 14 an urgent meeting to consider the U.S. downing of an Iranian airliner, a U.N. spokesman announced this morning.

The meeting, originally scheduled for this afternoon, was requested by Iran after U.S. cruiser Vincennes shot down Iran Air Flight 655 over the Persian Gulf on July 3 killing all 290 on board.

In a letter to the U.N. secretary-general dated July 5, Iranian Foreign Minister Ali Akbar Velayati urged the United Nations to condemn the "barbaric massacre" of innocent civilian passengers.

In preparations for the meeting, council members and the parties concerned have been conducting intensive consultations since last week. Non-aligned members and Western countries are reportedly drafting different texts of a resolution.

U.N. sources say that more time is needed for the members to work out a draft acceptable to all parties.

The council president decided to postpone the meeting "after consultations with all the members of the council and with the member state requesting the meeting," the spokesman said.

Pentagon Spokesman on SRV Return of MIA's Remains

OW1207082188 Beijing XINHUA in English
0545 GMT 12 Jul 88

[Text] Washington, July 11 (XINHUA)—Vietnam has informed the United States that it will turn over the remains of 25 American military men listed as missing in action (MIA) in the Vietnam war, the Pentagon said today.

A Pentagon statement said the remains will be delivered in Hanoi Wednesday and transported to the U.S. Army Central Identification Laboratory in Hawaii for identification.

This will be the fifth return of MIA remains since retired U.S. General John Vessey, former chairman of the Joint Chiefs of Staff, visited Hanoi in August last year as a special representative of President Ronald Reagan.

There are currently 2,404 Americans still listed as missing in Indochina as a result of the Vietnam war, of whom 1,767 are listed as missing in Vietnam.

The remains of 152 American MIAs have been returned to the United States since the end of the war in 1975.

Akhromeyev Outlines USSR 'Defensive' Strategy

OW1207000688 Beijing XINHUA in English
1827 GMT 11 Jul 88

[Text] Washington, July 11 (XINHUA)—Visiting Chief of Staff of the Soviet Army Marshal Sergey Akhromeyev told reporters here today the Soviet military doctrine has become defensive, both in character and in content, in the restructuring process now under way in the Soviet Union.

At a press conference co-hosted by Akhromeyev and Chairman of the U.S. Joint Chiefs of Staff William Crowe, Akhromeyev was again asked for comment on U.S. officials' remarks that they see no tangible sign of any change in the Soviet military doctrine as Moscow has claimed.

Akhromeyev had this to say, as a matter of fact, "the Soviet military doctrine has always been defensive." But in its form, he added, "It was somewhat different in the past, because in the past the Soviet military doctrine allowed for both offensive and defensive operations."

Akhromeyev, who was completing his visit to the U.S. today, added that the Soviet Government is "introducing some changes in order to make the military doctrine purely defensive in character."

"Of course, we realized that our methods of troops training were quite a concern for the West. We took account of this particular concern from the West, we addressed this issue," said the Soviet military leader.

He said in accordance with the new defensive doctrine, the Soviet Union is "beginning to introduce some changes in the organizational structure of the Soviet armed forces."

The goal of those changes, he noted, is to "impart the defensive nature to the armed forces. But this will demand some time."

Akhromeyev stressed that the complete realization of the changes in the context of the defensive character of the Soviet military doctrine "bears on the bilateral steps, therefore, we must sit at the negotiating table and address the outstanding issues between us."

Akhromeyev attributed the decline in the pace and the scope of Soviet naval operations in the number of ships that are deployed [words indistinct] the scope of the exercises to the very "defensive character of the Soviet military doctrine."

U.S.-USSR Arms Talks Resume in Geneva

OW1307090388 Beijing XINHUA in English
0150 GMT 13 Jul 88

[Text] Geneva, July 12 (XINHUA)—Delegations from the United States and the Soviet Union began a new round of talks on nuclear and space armaments in Geneva Tuesday.

Headed by American Max Kampelman and Aleksey Obukhov of the Soviet Union, the talks will concentrate on reaching an agreement to reduce strategic arms by 50 percent.

Obstacles to Negotiations

OW1207083488 Beijing XINHUA in English
0600 GMT 12 Jul 88

[Text] Geneva, July 11 (XINHUA)—Soviet chief arms negotiator Aleksey Obukhov said here Sunday that two major obstacles remain on the way to a U.S.-Soviet treaty cutting their long-range nuclear arsenals by half.

He said the two obstacles are the U.S. strategic defensive initiative known as the star wars program and the sea-launched cruise missiles, which he termed a "dangerous type of strategic offensive arms."

The chief negotiator said the talks on such a treaty have come "a long way" and demanded "an equal constructive approach" from Washington for the earliest possible completion of the Strategic Arms Reduction Treaty (START).

"A long way has already been covered toward the treaty on 50-percent reductions in strategic offensive arms," Obukhov said, adding, "the outstanding questions can and should be resolved."

Obukhov came here to resume talks Tuesday with chief U.S. Delegate Max Kampelman after a five-week recess for the Reagan-Gorbachev summit on May 29-June 2.

Kampelman arrived here Saturday.

U.S. Hopeful of Success

OW1207081088 Beijing XINHUA in English
0546 GMT 12 Jul 88

[Text] Geneva, July 11 (XINHUA)—Negotiations on control of nuclear and space armaments between the United States and Soviet Union will be reopened Tuesday in Geneva after a five-week recess for the Moscow summit.

Max Kampelman, the chief of the American delegation, said on Monday an agreement on strategic nuclear weapons between the two governments was still a possibility while while President Reagan is still in power. He added that a working paper with protocols was under consideration which made the "constructive negotiations" more concrete.

However, the American representative said, areas of disagreement still exist between the two sides, especially in limiting long-range, sea-launched cruise missiles and a number of classes of intercontinental ballistic missile warheads.

Differences also include methods for counting the long-range air-launched cruise missiles, control of mobile missiles and the highly technical details of verification, Kampelman said.

He also said that the United States couldn't accept Soviet insistence that a strategic arms treaty be linked to an agreement on limiting space-based defence systems, such as Reagan's strategic defence initiative (SDI) program, commonly known as "star wars."

Kampelman said that the U.S. has already made efforts to promote negotiations on the non-compliance treaty with 1972's anti-ballistic missiles (ABM), but "important problems remain to be resolved." [sentence as received]

On his arrival in Geneva Sunday, Soviet delegation chief Aleksey Obukhov reaffirmed the Soviet position that further agreement should be based on adherence to the ABM pact.

United States & Canada

U.S. Grain Exports to PRC Likely To Drop *OW1307084488 Beijing XINHUA in English 0053 GMT 13 Jul 88*

[Text] Washington, July 12 (XINHUA)—The damage done to spring crops by severe drought in northwest and southeast America is so serious that the U.S. Agricultural Department expects total grain output to drop by as much as 24 percent this year.

In its much awaited release of the new crop report, which is requested by the U.S. Congress for monthly release no later than the 12th of each month, the Agricultural Department also revised its forecast on grain price ranges to reflect effects of shortages in the market.

The figures were described as "highly tentative" by Ewen Wilson, assistant secretary of agriculture for economic affairs, because there is no sure way to survey the spring crops with accuracy and also because there will be a major weather forecast later in the month, which will make another revision of crop report necessary.

Today's report said total U.S. grain product this year will be about 212 million metric tons, a reduction of 24 percent from 1987. Total supplies of grain including existing stocks, are about 388 million metric tons, about 20 percent less than a year ago.

However, according to Wilson, the supplies, in the view of the Agricultural Department as of today, will be enough to meet domestic demand and also to satisfy foreign customers as well in the coming year.

But within a yet to be released full report (today's release is a summary) obtained by XINHUA, the Agricultural Department expects U.S. Grain exports to drop because of price jumps, especially those to developing countries like China.

Compared with the June estimate, the new estimate believes total wheat production will be around 1.84 billion bushels, a decrease of 13 percent. Taking into account of stocks, total wheat supplies will be 3.1 billion bushels, more than enough to meet projected domestic and export needs for the next year.

According to Wilson, there will be no major price rise in bread and other food items. For example, wheat accounts for only 8 percent of the total cost of bread.

Major catastrophe took place in the country's corn crops. The new report sees a 29 percent drop in corn production to 5.2 billion bushels, which will be 26 percent less than last year. However, as the world's largest producer of corn, the U.S. still has plenty of corn reserves and the total supplies will be around 9.6 billion bushels, which the agricultural department said is "more than enough"

to meet the needs of domestic livestock producers, the food industry and export demands in the coming year and leave a four-month surplus.

Soybean production is expected to total 1.65 billion bushels, down 13 percent from last year. Total supplies are estimated at 1.94 billion bushels, the lowest in four years.

The report said the condition of pastures and range has worsened during the past month and is considered the worst since the U.S. Government began to put those conditions in record in 1921. The report said red meat and poultry production will go up to an all-time record of 59.9 billion pounds, 3 percent higher than last year. It explained that high feed prices and lack of forage have forced some producers to sell breeding stock, adding to meat supplies.

The Agricultural Department made an across-the-board adjustment of its price projection of June. The new price range for wheat will be 3.45-3.95 dollars a bushel, as compared to June estimate of 2.9-3.3 dollars per bushel, for corn, 2.45-2.85 dollars per bushel as against 1.65-2 dollars per bushel.

Prices for sorghum were raised from 1.65-1.85 dollars to 2.2-2.6 dollars per bushel, for barley from 2 dollars to 2.4-2.8 dollars, for oats from 1.25-1.45 dollars to 2.3-2.7 dollars, and for soybean from 5.75-7.75 dollars to 6.75-9.25 dollars.

Wilson expects the U.S. to import more oats and some oilseed products like soymeal this year.

State Councillor Meets U.S. Company President *OW1207184688 Beijing XINHUA in English 1030 GMT 12 Jul 88*

[Text] Beijing, July 12 (XINHUA)—Zou Jiahua, Chinese state councillor and minister of machinery and electronics industry, met Robert F. Friedman, president of the Very Small Aperture Terminal Systems Inc., U.S.A., and his party here today.

PRC To Produce Parts for U.S. Airplanes *HK1207140988 Beijing CEI Database in English 12 Jul 88*

[Text] Beijing (CEI)—China is to produce noses and fins for the U.S. McDonnell Douglas Corp's MD-82s, according to a recently-signed agreement between the two countries.

This will be the largest and technically most complex aircraft parts China produces for foreign aircraft corporations.

The nose for the 155-passenger MD-82 is 4.9 meters long with a maximum diameter of 3.6 meters.

Soviet Union

Foreign Minister on Discussion of Cambodian Issue
HK1307113688 Beijing ZHONGGUO XINWEN SHE
in Chinese 0931 GMT 11 Jul 88

[Report by Wang Xiaohui (3769 0879 2547)]

[Text] Beijing, 11 Jul (ZHONGGUO XINWEN SHE)—When Chinese Foreign Minister Qian Qichen was meeting with [Lord Charles Henry] Plumb, speaker [as received] of the European Parliament, he said that China is ready to agree to discuss the Cambodian issue with the Soviet Union.

It has been learned that the discussion was first proposed by the Soviet side. The discussion might be conducted by talks at a vice foreign ministerial level.

Qian Qichen said: There is a trend in the contemporary world, namely the trend of dialogue. To China, this trend is beneficial to safeguarding world peace. He added: The Soviet Union has decided to withdraw its troops from Afghanistan. There are grounds for people to ask: Why does Vietnam not withdraw its troops from Cambodia?

After briefing Speaker Plumb on the four-point statement on the Cambodian issue put out by China on 1 July, Qian Qichen talked about the development sought by various countries in the world. He continued: The Soviet Union is also striving to develop its economy more rapidly, and many interesting changes have taken place in the country. They have made some progress, but encountered much trouble. The foreign minister believed that reforms in the Soviet Union will be continued, but will encounter more difficulties than in China.

Qian Qichen stressed that the EEC is China's second largest trade partner. China is the largest developing country and is developing at a higher speed. In this sense, great potential can be tapped with regard to the development of trade between China and the EEC. He showed concern regarding the greater deficits occurring in the trade between the two sides. He emphasized: joint efforts by the two sides are needed. They should consider ways to enable more Chinese goods to enter the EEC market. This will, in turn, enable the Chinese to buy more EEC products.

Further on 19th CPSU National Congress
HK1207134588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 28, 11 Jul 88

[Special dispatch from Moscow by Tang Xiuzhe (0781 0208 0772): "The Whole Party and the Whole People of the Soviet Union Enthusiastically Discuss the 'Program'"]

[Text] The 19th CPSU National Congress opened on 28 June. A month before the congress opened, the CPSU Central Committee published a program of this 19th

CPSU National Congress for discussion among all party members and all the Soviet people. Since the this program's publication, the Soviet press has devoted much space to covering the readers' opinions on the program. In Moscow, Leningrad, and other places, people, unorganized, gathered together in public squares in small groups to discuss the program. Their topics of discussion ranged from politics to economics, from the nationality issue to everyday life and welfare, from Lenin and Stalin to Gorbachev and Ligachev, Yeltsin.... They have aired their views glowingly and frankly. Such a highly lively and democratic atmosphere in the ideological field has seldom been experienced in the country in the past several decades.

Here I would like to quote some opinions on the program:

—The public reason for almost all the removals of leading cadres is "retirement due to poor health." How come so many leading comrades have their health deteriorating simultaneously?

—When will the tombs of those who betrayed Lenin's cause be removed from the sacred Red Square?

—What is keeping people from being informed of the specific duties of each member of the Political Bureau and the Secretariat of the CPSU Central Committee? Why should such information be kept secret?

Of course, when discussing the program, party members and the masses have focused their attention on the way to reform the political structure. They have deeply realized the importance of this issue in light of the experience and lessons that the 70 years of the Soviet regime's rule have offered. The question of how to prevent a personality cult and turn the Soviet Union into a state genuinely practicing a socialist legal system has still more widely drawn the public's attention. Some people hold that "publicly singing the praise of the party's general secretary and other leaders should be regarded as demoralizing to the party," and members of the Political Bureau and the Secretariat of the CPSU Central Committee including the general secretary "should not be immune from criticism." As for the term of office for leading cadres appointed through election, people have widely agreed that nobody should hold a post for more than two terms (5 years for each term) and they have objected to a suggestion raised by the program that a person can hold a post for three successive terms.

The Soviet Union's political and economic structures basically took shape in the 1920's and the 1930's. One of the main features of these structures is overcentralized power. As far as the political structure is concerned, the party is to take care of everything, party leadership is not separated from government administration, and the number one man of the party is vested with an extraordinarily great power. As for the economic structure, a plan drawn up by the central authorities covers everything, there is no market regulation, and administrative

orders have superseded economic methods. Although this structure did play a positive role in certain aspects, it has some fatal shortcomings. Khrushchev attempted to reform this structure, but failed because his reform which was not thorough enough and encountered tremendous obstacles. Brezhnev actually carried forward the old structure and thus brought the Soviet Union into an "era of stagnancy" or a "pre-crisis period." Gorbachev raised the reformatory guideline again after he rose to power. In the past 3 years, he has upheld the principle of democratization and openness, initiated reform in various fields, and achieved initial success. Meanwhile, the old structure and thinking have struggled tenaciously to survive, hindering the reform process. It is under such a circumstance that the 19th CPSU National Congress was held. Some of the opinions aired during the discussion on the program have reflected this historical setting.

The old political structure has led to a situation in which the party has held excessive power and party leadership is not separated from government administration. During discussion on the program, some pointed out that there is a need for a thorough study of the whole structure of party organizations from the grass roots to the leadership, and the abolition of some party organizations, such as the department of industry and that of agriculture, which have their counterparts in the soviet or serve as duplicates of some economic administrative departments. People are widely in favor of the slogan that suggests "a returning of political power to the soviet," and they have presented many concrete proposals for the improvement and reform of the soviet's functions.

The program has proposed a social and political assessment of party members as a means for the "automatic purification" of the party. People support the efforts to raise the party's prestige, to set strict demands on party members, and to weed "those who are infatuated with official positions" out of the party. But quite a few people have reservations on the cleaning of the party, insisting that such an attempt requires "great caution" and that "the drive to clean the party, without a well-meditated plan and a definite goal, would not only be rendered a perfunctory process but give those who oppose the reform an opportunity to retaliate."

In discussing democratic centralism, some people have noted that it is quite common that the minority holds truth. They asked: If a resolution endorsed by the majority is incorrect, how can it be implemented to cause losses to the party's and the state's cause?

Legal reform is an important part of the program. During the discussion, people are for the program to strengthen the legal system and oppose any attempt by the police and the procuratorial and judicial sectors to infringe upon the citizens' rights in violation of the law. The Soviet Union is now carrying out its legal reform according to the principle of "fewer 'prohibitions' and more 'permissions'."

With regard to the reform in the economic and social fields, scholars and working people joining the discussion on the program have strongly demanded that power be delegated to lower levels, and they have also expressed their dissatisfaction with the giant bureaucratic structure which stubbornly holds to the way of doing things through administrative orders and makes every effort to hinder the operation of the new economic structure.

Enthusiastic discussion has reflected the expectation of and concern about the reform on the part of the broad masses and the vast number of party members of the Soviet Union. In the interests of the development of the country and the improvement of the people's living standards, they have bravely challenged the old structure and old thinking and placed very high hope on the 19th CPSU's National Congress. Many people have urged the television service to televise live the whole congress so that they can know more about the standpoints, views, and attitudes of all speakers (including high-ranking leaders). During the discussion, some people have also shown anxiety and worries about the fate of the reform, being aware that old problems that have existed for years and new difficulties arising from the reform process may be used as pretexts to attack reformers and to repudiate the reform as well. Now that the reform, launched 3 years ago, has not yet achieved any remarkable success, it is still too early to conclude that this reform, introduced under Gorbachev's leadership, is irreversible. That is the very reason why those people of insight who support the reform longing still more eagerly for a success. They are expecting that the 19th CPSU National Congress will accomplish its historical mission with a triumph over the old structure and old ideology.

Conference Site of Debates

HK1207140888 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 28, 11 Jul 88 pp 25-26

["Special Dispatch" by Sheng Shiliang (4141 0013 5328) from Moscow: "Notes on the 19th CPSU Delegate Conference"]

[Text] The 19th CPSU delegate conference, which was long expected by the Soviet people, was eventually held from 28 June to 1 July. The conference passed seven resolutions on advancing reform and other issues. The conference was filled with an animated atmosphere and heated debate.

The preparations for the conference were made in a down-to-earth manner. The authorities did not present the completion of some priority projects as gifts to the conference as they did previously, and did not hang red flags in the streets to create some atmosphere. More than 800 foreign reporters were registered with the press center of the congress, and this showed that the conference attracted extensive attention from foreign countries.

The Democratic Atmosphere Was Stronger Than at any Previous Meetings [subhead]

Although no foreign guests were invited to this party conference, the degree of openness and democracy of this conference exceeded that of any previous party congresses and Supreme Soviet meetings in the past few decades. The delegates were able to air their opinions frankly, including various different opinions that criticized Gorbachev's speech. In his speech, Mikhail Gorbachev proposed that first secretaries of party committees at various levels also take the position of soviet chairmen at the same level. This evoked heated controversy which has not yet calmed down even now.

Leonid Albakin, a member of the Soviet Academy of Sciences and a major designer of the Soviet economic reform schemes, said in commenting on the current economic situation in the Soviet Union: Although positive advances have been made, no fundamental changes have been realized yet. This opinion is obviously contradictory to Gorbachev's statement that the past 3 years marked a major turning point. So he was criticized by the general secretary, and was also refuted by Georgiy Arbatov, an expert in American affairs and also an economist. The latter held that the obvious achievements of the reforms find expression in the emancipation of people's minds and the conceptual breakthroughs. However, both the pessimistic and optimistic viewpoints had their supporters.

Some delegates demanded that the general secretary take the lead in taking concrete action to maintain the party's prestige; some delegates criticized the general secretary for being too tolerant toward people who opposed reform; and some delegates criticized the party central organs for advancing the reforms too slowly and working inefficiently; some delegates even demanded that activists in the Brezhnev era quit the central leading body and directly named Supreme Soviet Chairman Andrey Gromyko, CPSU Supervision Committee Chairman Mikhail Solomentsev, and two other top officials.

When some people demanded that Boris Yeltsin, former first secretary of the Moscow City party committee, be allowed to take the floor in the debate, the atmosphere reached a climax. It was long rumored that Yeltsin was involved in a conflict of political opinions with Yegor Ligachev (a member of the Politburo in charge of the routine work of the central Secretariat). Yeltsin made a "politically erroneous" speech at the CPSU Central Committee meeting last October, and was then expelled from the Politburo and dismissed from the position of Moscow party chief. However, his erroneous speech has never been published. At the 19th party delegate conference, Yeltsin called for the restoration of his political reputation. Ligachev, who was accused by Yeltsin of obstructing the reforms, then made an emotional speech and resolutely refused Yeltsin's request for rehabilitation. Such a direct battle of words was rarely seen in the past.

Political Reform Was the Central Subject of the Conference [subhead]

The rigid and ossified socialist model built in the Soviet Union in the 1930's has been negated. In his speech, Gorbachev put forward seven criteria for socialism. The conference approved his speech, which provided the guidelines for the conference, and also passed six other resolutions on "social democratization and political structural reform in the Soviet Union," "opposing bureaucracy," "nationality relations," "openness," "reform of the legal system," and "the urgent measures for concretely carrying out the reform of the state political system." All of them were related to the main subject of political structural reform.

The main measures for political reform put forward by the conference included the following points:

—Party cadres elected to positions at all levels can stay in power for a maximum of two terms and a total of 10 years.

—The party is separated from the government, and the party Central Committee and the Politburo are only responsible for exercising political leadership and deciding major policies. The Supreme Soviet and the Ministerial Council will have full power to handle the affairs which come within their jurisdiction. Party committees will no longer adopt resolutions to directly order the state and economic institutions and social organizations.

—The People's Congress, a new form of supreme state power organ, will be established. It will be composed of 2,250 people's deputies, and will hold one session each year. The People's Congress will elect 400 to 450 people to form its standing body—the Supreme Soviet.

—The chairman of the Supreme Soviet will act as the head of state, and will be elected and dismissed by the national People's Congress. He will be responsible for handling crucial foreign, security, and defense affairs, head the national defense committee, and appoint the government leader.

—First secretaries of party committees at all levels will also act as chairmen of the soviets at the same levels.

Alexsandr Yakovlev, member of the CPSU central Politburo and secretary of the central Secretariat, said: "The National People's Congress will elect any person it considers necessary to be chairman of the Supreme Soviet," and this does not rule out the possibility of electing the party general secretary as the head of state. Soviet people generally expect that when the People's Congress is held in April next year, Gorbachev will be elected chairman of the Supreme Soviet.

On the one hand, the party is separated from the government; on the other hand, first secretaries of local party committees act as chairmen of the soviets. Soviet

people have different opinions on these arrangements. The CPSU Central Committee general secretary particularly explained the necessity of such arrangements. He said: This will increase the prestige of the soviets. While a first secretary wins dual trust, he is also subject to dual supervision. If he cannot be elected chairman of the soviet, then his position in the party will be reconsidered. In addition, soviet chairman is a leading position, but local administration is concretely directed by the chairman of the soviet executive committee. This can prevent the party from replacing the government in performing administrative functions. Even so, when this motion was put to the vote, it was still opposed by 209 delegates.

The Plan for Further Economic Reforms [subhead]

The main achievements of reforms in the economic field in the past 3 years find expression in the conceptual breakthroughs. The downward tendency in the Soviet economy has been checked.

In the past, the Soviet Union regarded highly centralist mandatory plans, exclusive whole-people ownership, large and comprehensive enterprises, prices that remained unchanged for decades, the supply of materials through unified distribution, the constant practice of giving priority to the development of heavy industry, egalitarian forms of distribution, and a closed condition in foreign economic relations as the essential characteristics of socialism. Now, these ideas have been changed, and the Soviet authorities advocate the diversification of management forms, enterprise scale, ownership forms, and foreign economic and trade relations, agree to delegate more decision-making powers to enterprises and develop the commodity economy, try harder to enter world markets, and pay more attention to the improvement of the people's livelihood.

Under the guidance of the new concepts, economic policies have been relaxed, and this has given rise to dozens of joint ventures, tens of thousands of cooperatives, and hundreds of thousands of individual laborers. Some Soviet enterprises have begun to issue stocks. Leased and contracted management has also emerged and has been gradually developing. The fulfillment of economic plans is being improved.

In the first stage of the economic reforms, the Soviet authorities looked for problems, worked out policies, and drew up documents. This year, the reforms entered the second stage. Ten major documents, including the "Law on State-owned Enterprises," have been prepared and will be put into practice. The "Regulations on State Ministries and Committees" is still being drafted. The reforms have encountered many difficulties and obstacles, and sometimes the reforms simply came to a standstill. Gorbachev pointed out two major reasons for this: First, the reforms started under the structure of a 5-year plan which was formulated according to the old economic system, so many things could not be properly

coordinated. Second, the old economic and administrative systems are still functioning. The state orders thus became another form of state mandatory tasks, and the economic quotas maintained the vestiges of egalitarianism in the distribution field.

This time, the general secretary of the CPSU Central Committee explicitly required that the reform of the wholesale system for production materials and the price system be more quickly carried out. He reiterated that the price reform schemes will be handed to the whole people for discussion and will be carried out under the premise of not lowering the living standards of the people; at the same time, he also assured that the tens of billions of rubles of indirect subsidies will all be used as direct subsidies to the people.

If the people cannot gain substantial benefit from the reforms, then they will lose confidence in, and enthusiasm for, the reforms. So the pressing task of the moment is to overcome the shortages of housing, food, and various consumer goods. At the same time, leases and contracts are taken as a major method of boosting agriculture and solving the food problem. It was said that this method would be able to arouse the initiative of the state, the collective enterprises, and the individual producers. By the year 2000, each family will be able to possess a house or an apartment. The state will appropriate more funds and equipment to develop light industry, and will require heavy industrial and military industrial enterprises to increase the production of consumer goods.

The investment structure and the economic structure will be generally adjusted and reformed in the period of the next 5-year plan (1991-1995), and will be oriented to the improvement of the people's livelihood.

Now the party delegate conference has concluded, and the party delegates have returned to their work posts. They generally hold that the most important thing is to put into practice the resolutions adopted by the conference, and to continue to solve the new problems in the reform process and social practice.

'A Heated Battle of Words'

HK1307071088 Beijing GUANGMING RIBAO
in Chinese 4 Jul 88 p 4

[Report by Moscow-based staff reporter Gao Fengyi (7559 7685 0308): "A Heated Battle of Words—Side-lights on CPSU National Conference"]

[Text] The 19th CPSU National Conference was drawing to an end on 1 July. People never expected that a heated battle of words that broke out at this moment. On one side of the battle was Yeltsin, ex-alternative member of the CPSU Central Committee's Political Bureau, while on the other one was Ligachev, member of the

CPSU Central Committee's Political Bureau and concurrently secretary of the Central Committee. Both delivered speeches, each sticking to his own argument, while the 5,000 delegates listened with bated breath at the Kremlin meeting hall.

In his speech, Yeltsin said that the era of "stagnancy" and the consequences should not be the responsibility of Brezhnev alone. The leaders at that time who are still in the Political Bureau should also bear their personal responsibility. Yeltsin proposed that the leading cadres should be deprived of all privileges. Otherwise, it may impair the prestige of the party. He believed that there was nothing wrong in his speech delivered at the plenary session in October 1987, though the timing was not appropriate. He requested the 19th CPSU National Conference rescind the resolution concerning the question of Yeltsin adopted by the plenary session in October 1987 and rehabilitate his reputation politically.

Yeltsin's speech received a warm applause.

Aimed at Yeltsin's criticisms of Gromyko and others, Ligachev pointed out: At the critical moment to decide who was to be general secretary of the CPSU Central Committee at the plenary session held in March 1985 following the death of Chernenko, a correct decision was made with the support of the Political Bureau members including Chebrikov, Gromyko, and Solomentsev. He denied the fact that leaders of the party enjoyed illegal privileges. Regarding Yeltsin's request to rehabilitate his reputation, Ligachev said, the resolution concerning the question of Yeltsin was unanimously adopted by the Central Committee at the plenary session held last October. Yeltsin did not draw a proper conclusion from his mistakes. Therefore, there is no reason whatsoever to alter the decision of the Central Committee.

Ligachev's speech also received applause.

The debate did not end here. A delegate from Sverdlovsk took the floor. He said: While assuming first secretary post of Sverdlovsk Regional Party Committee, Yeltsin did a great deal of work to enhance the party's reputation, enjoying high prestige among the masses. Later, two delegates from Moscow also took the floor, reporting grave mistakes made by Yeltsin during his work in Moscow for 2 years.

At the second recess of the meeting, a reporter of the Soviet Central Television interviewed a number of delegates on the debate. Some of them clearly stated that Yeltsin was wrong, while others said that it was difficult to tell who is right and who is wrong. Some delegates believed that Yeltsin was not wrong. Nevertheless, almost all the delegates interviewed agreed that such a debate at the party's congress was a genuine manifestation of openness.

GUANGMING RIBAO 'Roundup'
HK1307093088 Beijing GUANGMING RIBAO
in Chinese 5 Jul 88 p 4

[Report by GUANGMING RIBAO Moscow correspondent Gao Fengyi (7559 7685 0308): "A Prelude to Reform of the Political Structure—a Roundup of the 19th CPSU National Conference"]

[Text] The 19th CPSU National Conference, which attracted worldwide attention, ended on 1 July. The important 4-day meeting reviewed the path traversed by reform over the past 3 years, defined policies and measures to further deepen the reform, and put forward an integrated program for the all-round implementation of political restructuring. It will exert a positive influence on the Soviet party and the democratization of social life, as well as on reform developments in the future.

Political restructuring was the main topic of the meeting. The core of the reform program put forward at the meeting is to enable the broad masses of laboring people to genuinely participate in managing state affairs and to make the soviets of people's deputies at all levels genuinely become organs of power deciding the most important issues in state and social life. The main contents of this program include: 1) Setting up a new supreme state management institution—the Soviet Congress of People's Deputies. The congress will include not only people's deputies from all nationalities and from all administrative regions, but also representatives of the party, leagues, trade unions, and other organizations. The congress will directly elect a permanent institution—the Supreme Soviet—which is entrusted with full powers to formulate laws and statutes on all aspects of state political and social life, to resolve important issues relating to foreign policy, national defense, and state security, to name candidates for chairman of the Council of Ministers, and so on. The presidency of the Supreme Soviet will be taken up by the general secretary of the CPSU Central Committee, and the presidencies of the soviets of the people's deputies at all levels will also be taken up by the first secretaries of the party committees at all levels. 2) The duties of the two chambers of the Supreme Soviet, namely, the Soviet of the Union and the Soviet of Nationalities, will be explicitly defined. The former will chiefly be responsible for examining and discussing the state plans for economic and social development and defense affairs and ratifying international treaties; the latter will chiefly be responsible for affairs relating to the development of nationality regions. 3) Expanding the functions and powers of the permanent commissions of the Supreme Soviet, extensively adopting the method of court hearings, and submitting to the Supreme Soviet for approval all important laws relating to domestic and foreign policy and important appointments and dismissals only after they have been discussed by the permanent commissions. 4) Setting up a constitution supervisory commission to be responsible for supervising whether laws and decrees are in keeping with the Constitution. According to the relevant proposal at the meeting, the

Soviet Congress of People's Deputies will officially come into being through general elections in April 1989 and the corresponding reform of the soviets at the grass-roots levels will also be completed in the autumn of 1989.

The separation of party functions from government functions is an important aspect of the reform of the political structure. The national conference pointed out that the CPSU is still the leading force in Soviet society and that party leadership can only be realized in the future through party members working in various institutions. The task of the party is to formulate social development strategy and foreign policy; carry out political, ideological, and propaganda work; and be responsible for training and providing cadres. In the future, the leading organs of the party at all levels will not be allowed to interfere in the work falling within the functions and powers of the soviets and their executive commissions at all levels or to directly issue orders to the state organs of power and mass organizations. Following the changes in party functions, the party institutions will be reorganized. Party institutions duplicating government departments will be abolished and the office workers of the party will be reduced. This work is to be completed by the end of this year. It is stipulated in the relevant resolutions approved by the national conference that party leaders at all levels are elected for a period of 5 years and can only serve two consecutive terms of office. The terms of office of the responsible persons of the state organs of power at all levels will also be handled in this manner. This provision has ended the system of lifelong tenure for principal party and government leaders, which was a common occurrence in the Soviet Union.

In addition to the various specific achievements attained at the meeting, we should also mention that the entire atmosphere of the CPSU national conference has left an extremely deep impression with people. It can be said without exaggeration that the openness of the meeting, the frank speeches, the heated debates, and the sharp criticism are unprecedented in the history of the CPSU. From the speeches of the 70-odd delegates at the 4-day meeting we can see that the meeting had several features markedly different from the dull and monotonous atmosphere of previous meetings. 1) They dared to face difficulties and problems squarely. Everyone, whether party or government leaders or ordinary workers, frankly admitted the seriousness of food and commodity shortages and bluntly pointed out the difficulties faced by the reform. 2) They dared to make criticisms and even to criticize the Political Bureau of the CPSU Central Committee and party leaders. 3) They dared to raise and uphold their views and ideas. When discussing the proposal on the first secretary of a party committee concurrently taking up the post of president of the soviet at the same level, some delegates explicitly expressed their inability to understand or to approve this proposal. When it was put to the vote, a total of 209 delegates voted against it. This is contrary to the usual practice of "unanimous approval" at CPSU national conferences in

the past several decades. It should also be pointed out that most delegates hated empty talk and wanted to be pragmatic. Whenever people bragged about their achievements and indulged in exaggeration in their speeches, the delegates expressed their disgust by cat-calls.

It is also the first time in many years that a conference has been so open. The Soviet Union has not tried to cover up differences of opinion or debate at the meeting. Radio and television stations reported the debates at the meeting in detail. Major newspapers also continuously carried the full texts of the delegates' speeches to enable people to understand the progress of the meeting promptly and in detail.

The 19th CPSU National Conference has ended. People hope that future reform practice will be able to answer these questions—how the political reform program put forward at the meeting will be implemented, whether or not the pace of economic reform can be speeded up in the future, and whether or not the meeting can provide a reliable guarantee that the reform cannot be reversed.

Northeast Asia

Xi Zhongxun, NPC Delegation Visit DPRK

Meet Kim Il-song

OW1307111288 Beijing XINHUA in English
1058 GMT 13 Jul 88

[Text] Pyongyang, July 13 (XINHUA)—President Kim Il-song of the Democratic People's Republic of Korea expressed here today his heartfelt congratulations on the successes China has attained in carrying out reform and opening to the outside world.

While meeting a delegation of China's National People's Congress (NPC) led by Vice-Chairman Xi Zhongxun, Kim said the greetings were extended in the name of the Korean party, government and people to their Chinese counterparts.

He expressed the conviction that China's reform and open policy will continue to expand and develop. He said he was elated at the achievements China has scored in its modernization drive.

He said, "Your successes are also ours. Your successful construction, reform and open policy in a situation of stability and unity has helped build up your national strength. This means our rear area has been strengthened, which constitutes a great encouragement to our people in their struggle."

The Korean leader believed that the friendship and unity between the peoples of Korea and China will be further consolidated and developed in the future.

During the meeting, Xi Zhongxun conveyed regards of the Chinese leaders to President Kim, who also asked Xi to convey his best wishes to them.

The Chinese NPC delegation arrived in Pyongyang on July 8 for a goodwill visit. The delegation toured Chongjin, capital of North Hamgyong Province in northeast of Korea bordering China, Tuesday.

Welcomed by Assembly
*HK1307075088 Beijing RENMIN RIBAO
in Chinese 9 Jul 88 p 6*

[Report by Xu Baokang (1776 1405 1660): "Meeting Held in Korea To Welcome PRC NPC Delegation"]

[Text] Pyongyang 9 Jul—The DPRK Supreme People's Assembly held a meeting at Mansudai Assembly Hall to warmly welcome the PRC NPC delegation headed by Vice President Xi Zhongxun.

The DPRK Supreme People's Assembly Chairman Yang Hyong-sop delivered a speech, he said that, President Kim Il-song received a warm welcome in China on his way to Mongolia for a visit. This has embodied the deep feelings of the Chinese people in prizing the Korean-Chinese friendship.

Yang Hyong-sop warmly assessed China's development.

On Korea's reunification, he strongly demanded the United States give up its policy of aggression and splittism toward Korea, withdraw its troops from South Korea, and immediately stop its plot to create "two Koreas."

In his speech, Xi Zhongxun pointed out that, the flower of Sino-Korean friendship has been irrigated by the blood and lives of numerous martyrs of the two nations, and nurtured with meticulous care by the proletarian revolutionaries of the older generation of the two nations. It must be doubly cherished and cared for.

Xi Zhongxun remarked that, the Chinese people firmly support the Korean people in relaxing the situation on the Korean Peninsula and its just struggles for realizing the sovereignty and peaceful reunification of their motherland, as well as the series of fair and reasonable proposals and views of the Korean Workers' Party and Government. The United States should respect the will of the Korean people, withdraw its troops, arms and equipment from South Korea, and stop intervening with Korea's domestic affairs.

Chinese Ambassador to the DPRK Wen Ye-Zhan also attended the banquet.

DPRK Scientific Cooperation Protocol Signed
*OW1307045688 Beijing XINHUA in English
1346 GMT 12 Jul 88*

[Text] Pyongyang, July 12 (XINHUA)—The Democratic People's Republic of Korea (DPRK) and China signed the protocol of their 28th Science and Technology Cooperation Conference here today.

Vice Minister of the Science and Technology Commission of China Guo Shuyan and Vice Chairman of the State Science and Technology Commission of DPRK Kim Ung-ho signed the protocol on behalf of their governments.

A total of 70 items—29 for China and 41 for DPRK—were listed on the protocol, including cooperative study, mutual inspections, and science data exchanges in machine-building, light industry, metallurgy, energy, agriculture, and other fields.

The two sides maintain that strengthening cooperation and exchanges in science and technology is conducive to socialist construction in both countries.

The DPRK Government expressed great satisfaction at China's efforts to train DPRK science and technology personnel in electronic computers.

Wu Guanzheng Returns to Jiangxi From Japan
*OW1207234288 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 29 Jun 88*

[Text] After successfully concluding their friendly visit to Japan's Gifu and Okayama Prefectures, Governor of Jiangxi Wu Guanzheng and his entourage returned to Nanchang from Shanghai via train this morning. Meeting the governor at the railway station were provincial and city level leading Comrades Mao Zhiyong, Jiang Zhuping, Wang Zemin, and Cheng Andong as well as the responsible comrades of the general offices of the provincial CPC committee and the provincial government. They warmly shook hands with the governor and exchanged greetings. At the railway station lounge, Wu Guanzheng cheerfully said: When we visited Japan this time, we were warmly received in Japan's Gifu and Okayama Prefectures. We had also reached an agreement with Gifu Prefecture to establish friendly relations between the prefecture and our province. This showed the Japanese people's aspiration to develop friendly relations and to promote mutual friendship for generations to come. Governor Wu Guanzheng also briefed those who came to meet him at the railway station on the round-table conference held in Shanghai on 27 June by the Jiangxi provincial government for rejuvenating Jiangxi and on the founding of the Shanghai research society for rejuvenating Jiangxi.

Japan's Takeshita Honors Trade Official
OW1007021088 Beijing XINHUA in English
0759 GMT 7 Jul 88

[Text] Tokyo, July 7 (XINHUA)—Japanese Prime Minister Noboru Takeshita today awarded a medal to Jia Shi, president of the China Council for the Promotion of International Trade, for his efforts last year in developing Chinese-Japanese trade.

Takeshita also awarded trade medals to Joseph Grimes, former U.S. Chief commercial representative in Japan; Robert Pearce, former British chief commercial representative; and two Japanese, Shunji Ueda, general manager of Nichimen Corporation and president of Japan-Pakistan Association, and Mitsuo Yamazaki, general manager of the Seibu Department Store.

Addressing an awards ceremony at his residence, Takeshita said the medal recipients "are model workers in perfecting Japan's trade development." He praised them as envoys for expanding Japanese import of goods from their countries. He said he hopes they continue their efforts.

In reply on behalf of all medal winners at the ceremony, Jia Shi, who arrived here July 4 to attend the China Export Commodities Fair, expressed his thanks to the honor given by the prime minister, saying that he will try to further promote the development of international trade.

Japan Invites Sihanouk To Visit as Planned
OW1207154288 Beijing XINHUA in English
1355 GMT 12 Jul 88

[Text] Tokyo, July 12 (XINHUA)—Japan has asked Samdech Norodom Sihanouk to visit Japan in August as planned earlier, Japanese Foreign Ministry officials said.

A message of invitation from Foreign Minister Sosuke Uno has been conveyed to Sihanouk's son Prince Ranariddh in Bangkok, the officials said.

Earlier, Sihanouk had accepted the invitation of the Japanese Government to visit Japan starting on August 7, but he cancelled it after he declared Monday that he had resigned as president of Democratic Kampuchea.

After learning of Sihanouk's resignation Monday, the Japanese Foreign Ministry reportedly tried throughout the day to find out the real intention of his declaration.

Deputy Foreign Minister Ryohei Murata told the Japanese media that he maintained that the Japanese Government will not change its policy to positively support Sihanouk in any roles he may assume in the peaceful settlement of the Kampuchean problem.

Southeast Asia & Pacific

Further Reportage on Sino-Australian Developments

Minister Hayden Meets Li Peng
OW1207183988 Beijing XINHUA in English
1031 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Chinese Premier Li Peng met Australian Minister of Foreign Affairs and Trade Bill Hayden here this afternoon.

During the one-hour long meeting Li briefed the visitors on China's economic development and reform.

They exchanged views on international issues of common interest, the political settlement of the Kampuchean issue in particular.

Vice-Premier Wu Xueqian gave a luncheon for the Australian foreign minister and his wife today.

Investment Agreement Signed
HK1207144188 Beijing CEI Database
in English 12 Jul 88

[Text] Beijing (CEI)—An Sino-Australian agreement on reciprocal encouragement and protection of investment was signed here on July 11.

Statistics showed that the Sino-Australian trade registered as 604.32 million U.S. dollars in the first five months of this year with a deficit of 360.04 million U.S. dollars for China.

According to authorities concerned China hopes that more Chinese commodities such as the electric and machinery products, mining equipment and household appliances can enter the Australian market.

The main commodities China imported from Australia include wheat, wool and iron ore while China's main exports were textile products.

Statistics here also showed that by the end of 1987, there have been 35 Australian-invested enterprises in China, with the contracted value of 250 million U.S. dollars.

Meanwhile, there are about 20 Chinese enterprises, joint ventures and corporation representative offices in Australia, including the aluminium plant and iron mine, two of China's major enterprises operating abroad.

Hayden Attends Reception
OW1307012888 Beijing XINHUA in English
1201 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Australian Minister of Foreign Affairs and Trade Bill Hayden and Chinese Minister of Metallurgical Industry Qi Yuanjing attended

a reception here today to mark the signing of a loan agreement for the establishment of an iron ore mine, a Sino-Australian joint venture, in Australia.

SRV Troops Shell Cambodian Refugee Camp, Kill 3
OW1207182888 Beijing XINHUA in English
1033 GMT 12 Jul 88

[Text] Bangkok, July 12 (XINHUA)—Three Kampuchean refugees were killed and 16 others wounded this morning when Vietnamese troops in Kampuchea bombarded a Kampuchean refugee camp in the eastern border area of Thailand, according to a report received here this afternoon from the Eastern Thai border town of Aranyaprathet.

The report said that the shelling took place at about 8 a.m. in the morning, when there was no fighting across the border on the Kampuchean side.

About 30,000 Kampuchean refugees live in the shelled Camp No. 8, which is about five kilometers from the Thai-Kampuchean border.

Recently, the Vietnamese troops have made continued shellings of Thailand's border areas. On July 6, Vietnamese firing on Buriram killed 12 Thai residents and wounded 19 others there.

SRV Foreign Minister To Visit Phnom Penh
OW1007184888 Beijing XINHUA in English
1115 GMT 8 Jul 88

[Text] Hanoi, July 8 (XINHUA)—Vietnamese Foreign Minister Nguyen Co Thach, special envoy from Vietnamese leader Nguyen Van Linh, will visit Phnom Penh soon, according to a Foreign Ministry release to local press.

Thach's trip to Phnom Penh is obviously aimed at coordinating Hanoi's position and diplomatic maneuvering with the Hanoi-backed Phnom Penh regime concerning the scheduled informal meeting in Jakarta later this month on ending the Kampuchean war.

Thach has just completed a sudden two-day visit to Vientiane on Tuesday and Wednesday to discuss Kampuchea with Lao leaders.

In the past two days, Hanoi has made strongly-worded statements saying that "if the ASEAN countries persist in their attitude as expressed in the Bangkok statement of July 3, 1988, it will be impossible to hold the informal meeting in Jakarta."

The Phnom Penh regime, according to an English report of VIETNAM NEWS AGENCY, has rejected the proposal put forward by the ASEAN of establishment of a provisional quadripartite government led by Prince Sihanouk. The Phnom Penh News Agency said in a

commentary that "this can never be accepted since it means the dismantlement of the government of the People's Republic of Kampuchea."

Laos Joins SRV, PRK in Anti-ASEAN Communique
OW1207212688 Beijing XINHUA in English
1040 GMT 12 Jul 88

[Excerpt] Hanoi, July 12 (XINHUA)—The foreign ministers of Vietnam, Laos and the Phnom Penh regime charged that the ASEAN's position on the Kampuchea issue has brought about "confrontation" among South-east Asian nations, the local press reported today.

The Association of Southeast Asian Nations (ASEAN) is now "attempting to turn the Jakarta cocktail party into a negotiation between Vietnam and the Kampuchean parties," a communique issued after an "extraordinary conference" in Phnom Penh on Monday said.

The communique was signed by Vietnamese Foreign Minister Nguyen Co Thach, Lao Acting Foreign Minister Thongsavat Khaikhamphithoun and Hun Sen, Phnom Penh regime "premier and foreign minister."

On July 3, ASEAN foreign ministers issued a statement in Bangkok supporting the proposed informal talks in Jakarta on July 25 and welcoming the willingness expressed by Vietnam and all the Kampuchean factions to attend the meeting. [passage omitted]

Sihanouk Refuses To Attend Jakarta Peace Talks

To Continue Peace Efforts
OW1107204288 Beijing XINHUA in English
1556 GMT 11 Jul 88

[Text] Bangkok, July 11 (XINHUA)—Prince Norodom Sihanouk said here this evening, "I will continue my efforts to help my country and my people to bring peace to Cambodia (Kampuchea)."

He made the remark before his departure to France.

Sihanouk had announced here today that he resigned from the post as president of Democratic Kampuchea as from yesterday.

However, Sihanouk said that "Prince Ranariddh will represent me, my party and my army to join the Jakarta informal meeting."

Asked the reason of his sudden resignation, Sihanouk said that he could not give an answer right now and would reply later. The article in the local paper "THE NATION" was part of the reason that made him resign, he said.

In an article yesterday, "THE NATION" said that "in 1967, Sihanouk's government altered the rice collection system from farmers and peasants who withheld grain would be forced to take the rice to the government at lowered official prices."

Sihanouk wrote to the paper last night, saying that his government had never done this and other things mentioned by the paper.

Commenting on Sihanouk's resignation, Thai Foreign Minister Sitthi Sawetsila said here today that the article in "THE NATION" had annoyed the prince. But "there are many other factors making him resign," he said.

Sitthi disclosed that the Thai Foreign Ministry held a meeting on the matter and senior Foreign Ministry officials were sent to talk to Prince Sihanouk this afternoon. But he declined to disclose the content of the discussion.

Seeks Support in France

OW1207152588 Beijing XINHUA in English
1341 GMT 12 Jul 88

[Text] Paris, July 12 (XINHUA)—Samdech Norodom Sihanouk said here today that he will not attend the Jakarta conference scheduled to take place at the end of the month.

He said he will not attend a meeting that might in fact approve viewpoints of Vietnam, which is trying to make the world believe that it has not been involved in the Kampuchea issue and therefore does not take any responsibility on the matter.

Arriving in France from Bangkok after resigning as president of Democratic Kampuchea, Sihanouk said to attend such a meeting would mean his loyalty to Hanoi. But what he and his army have been fighting for is not surrender in Jakarta, he added.

The Kampuchea issue is not one among the Kampuchians but one between the aggressor Vietnam and its victim Kampuchea, he stressed.

Sihanouk declared to resign his post of president of Democratic Kampuchea in Bangkok on Sunday, and cancelled his planned visit to Jakarta and flew to Paris on Monday.

After elaborating the "serious reason" for his resignation, he said the future of Kampuchea should be molded through general elections by its people under U.N. supervision.

He said that he is in France to seek support for his suggestions on Kampuchea. Sihanouk will stay in France for some time, living at Fere-En-Tardenois, north of Paris.

Near East & South Asia

'Arduous' Sino-Nepal Border Inspection Ends OW1207203788 Beijing XINHUA Domestic Service in Chinese 0724 GMT 5 Jul 88

[Text] Lhasa, 5 Jul (XINHUA)—Thanks to the joint efforts of the Chinese inspectors sent by the Ministry of Foreign Affairs, the State Bureau of Surveying and Cartography, and the Tibetan Regional People's Government and their Nepalese counterparts, field work of the second Sino-Nepalese joint border inspection, begun in early May, was completed recently after 2 months of arduous work. The field work involved surveying and drawing as well as repairing and reestablishing boundary markers and establishing new ones along Sino-Nepalese borders on the roof of the world.

Soviet-Trained Afghans Replace USSR Troops OW1207142288 Beijing XINHUA in English 1352 GMT 12 Jul 88

[Text] Islamabad, July 12 (XINHUA)—The Kabul regime has replaced the withdrawn Soviet troops by a number of youths who have been sent to the Soviet Union for training, the Afghan Media Resource Center (AMRC) said here today.

Shahabuddin, one of the Afghan youths who have been sent back to Afghanistan from the Soviet Union, was taken prisoner by the mujahidin (holy war fighters) in their recent attack on a Kabul regime convoy moving from Lowgar to Gardeyz in south of Kabul.

Shahabuddin was quoted by AMRC as saying that he was among the Afghan youths who were taken from the Soviet Union to Kabul by a Soviet military transport plane and one of the 250 who were sent to the Lowgar Province.

The Soviet Union began to withdraw its estimated 115,000 troops from Afghanistan on May 15 in accordance with the Geneva accord signed on April 14 this year and handed the garrisons and security posts over to the Kabul regime forces.

Since April, 1979, nearly 80,000 people have been sent to the Soviet Union for various trainings, and out of which 49,000 are children aged 6-12, it said.

At the moment "12,000-20,000 Afghan youths are still under training for different programs and purposes in the Soviet Union," it added.

UN Envoy Views Options for Afghan Government

Proposes 'Broad-Based' Model

OW1107202888 Beijing XINHUA in English
1341 GMT 9 Jul 88

[Text] Islamabad, July 9 (XINHUA)—United Nations Mediator on Afghanistan Diego Cordovez said here today that he has mooted an idea for the formation of a "national government for peace and reconstruction" in Afghanistan.

Cordovez is on a three-country (Iran, Pakistan and Afghanistan) shuttle diplomacy to review the implementation of the Geneva accord on Afghanistan and possibilities of setting up a broad-based Afghan Government.

Speaking at a press conference, he suggested that such a government would assume office in Kabul on September 1 with simultaneous de facto ceasefire in place between contending Afghans.

This plan, he said, is necessary to bring immediate peace and stability in the war-torn country, end long sufferings of the silent majority and eventually facilitate establishment of a broad-based government acceptable to all segments of the Afghan society.

Cordovez described the idea as one of the possible courses of action to provide a "cooling off" period for the Afghan people to be reunited in their homeland and enable the international community to lend urgently-needed humanitarian assistance.

About the functions of the proposed government, the UN envoy said that upon taking office it would be responsible for conducting the affairs of the state and would work out arrangements for both acceleration of the return of all refugees and the setting in motion of an effective program of resettlement and reconstruction.

He added that it would give particular attention to the adoption of measures designed gradually to create peaceful conditions in the whole country as means of ensuring the successful holding of "Loya Jirga" (the Grand National Assembly). To that end, he said, it would seek from its inception to exercise effective control over armed forces, police and security forces.

Referring to the composition of the government, Cordovez said it should consist of Afghans of recognized independence and impartiality, a list of the personalities of which would be formulated on the basis of broad consultations with all groups of Afghan people.

The principal objective of the government would be to prepare the convening of "Loya Jirga" to be held not later than March 1, 1989, he said.

The UN envoy is expected to leave for Geneva later today.

Urges Neutrality, Cease-Fire

OW1207130388 Beijing XINHUA in English
0730 GMT 12 Jul 88

[Text] Geneva, July 11 (XINHUA)—Diego Cordovez, U.N. special envoy to Afghanistan, returned to Geneva Monday after what he called a very "successful" 10-day visit to Iran, Pakistan and Afghanistan.

Cordovez told the press in Geneva Monday afternoon that during his visit to Pakistan and Afghanistan, both countries expressed their willingness to realize the objectives of the Geneva accord on Afghanistan.

"Only Afghans can resolve their problems. It is for Afghans to decide the new government," Cordovez said. He also said that he had suggested during his visit the formation of a "neutral" government and the implementation of a ceasefire between Soviet-backed Kabul and the Afghan rebels by the first of September.

But this is only a suggestion, not a "proposition," Cordovez said, adding that the goal was to break the "serious political impasse" between the Afghan factions.

Asked if his suggestion was refused by the interim government of the Afghan resistance, Cordovez said that "this was not the only opinion, it has also received much support, including from commanders returned from the front."

Cordovez confirmed that he received assurances from the Soviet commander in Afghanistan, Valentin Veder-nikov, that there was "no reason to doubt" that 50 percent of the Soviet troops would be out of Afghanistan by August 15.

Cordovez also quoted the Soviet command as saying that 32,000 Soviet soldiers and military personnel have left Afghanistan and the mines in 1,700 regions have been removed.

Sub-Saharan Africa

Central African Foreign Minister Visits Beijing

Meets Li Peng

OW1207124588 Beijing XINHUA in English
0943 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Chinese Premier Li Peng met Michel Gbezera-Bria, minister of foreign affairs of the Central African Republic, and his party here today.

Li and Gbezera-Bria exchanged views on strengthening the friendly relations and cooperation between the two countries.

Gbezera-Bria delivered to Li a letter by Central African President Andre Kolingba to Chinese President Yang Shangkun

Hosted by Qian Qichen

OW1207112188 Beijing XINHUA in English
1003 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Chinese Foreign Minister Qian Qichen met with the Central African Republic Foreign Minister Michel Gbezera-Bria here today.

Qian told Gbezera-Bria, who arrived in Beijing yesterday, that the Chinese Government and people support the struggle of African countries in developing their economy and safeguarding national independence.

He reiterated China's opposition to the South African regime and its policy of apartheid.

Qian said China was sympathetic to the difficulties African countries face yet praised those who succeed by readjusting their policies according to their countries' conditions.

Gbezera-Bria described China as a reliable friend who always stands by the side of Africa.

The two foreign ministers expressed their satisfaction with the development of friendly relations between the two countries.

This evening, Qian will give a banquet in honor of the visitors at the Diaoyutai State Guesthouse.

More on State Visit of Guinean President Conte

Briefed on Cambodia by Li Peng

OW0807150088 Beijing XINHUA Domestic Service
in Chinese 1118 GMT 8 Jul 88

[Text] Beijing, 8 Jul (XINHUA)—Premier Li Peng said here today: China hopes that Vietnam will show sincerity on the Cambodia issue.

During a meeting with Guinean President Lansana Conte [This and following additions and variations are reported by Beijing RENMIN RIBAO in Chinese on 9 July on page 1 in a similar report. Here RENMIN RIBAO notes that this meeting took place "at the Great Hall of the People"] Li Peng said: [RENMIN RIBAO uses the word "stressed," vice "said"] At present, the Cambodian issue has become the focal point of world opinion, and the Chinese Ministry of Foreign Affairs has issued a four-point statement on it. This shows the positive attitude assumed by the Chinese Government toward a political settlement of the Cambodia issue.

He said: "The whole world will wait and see whether the Vietnamese side will announce a short-term timetable for the withdrawal of troops from Cambodia, which is acceptable to all concerned, and whether Vietnam will agree to accept international supervision. As an official [RENMIN RIBAO uses the word "informal," vice "official"] meeting will be held in Jakarta soon, China hopes that Vietnam will show sincerity."

[RENMIN RIBAO adds the following paragraph: "Li Peng also gave the guests a brief account of the situation of domestic reforms in China."]

On the current international situation, Li Peng said: The world situation seems to be less tense, and the constant development of the forces for peace can triumph over the forces for war and can bring about a comparatively long peaceful period. However, some unstable factors still exist in the world, such as the hot spots in some regions.

He said: The United States and the Soviet Union have reached some agreements on disarmament, but these agreements are only the beginning. These two countries still possess many nuclear weapons, and their arms race is being intensified and is developing in the high-technology direction. Therefore, the world's people should not lower their guard.

Li Peng said: Currently, the economies of many developing countries are still at a low level, and the main reason for this is that some irrational international economic systems still exist. Therefore, developed countries have the responsibility to help developing countries properly handle debt problems. The world situation will become even more relaxed if this can be accomplished.

Conte said: Guinea is working hard for world peace and for decolonization in some countries. It condemns the South African authorities policy of racial apartheid, and it is worried about the ongoing Iran-Iraq war. The Guinean Government hopes that foreign troops will withdraw from Afghanistan and Cambodia.

On bilateral relations, Li Peng said: Guinea is one of the first African countries to establish diplomatic relations with China. The relations between the two countries are very good. President Conte has done a great deal in developing bilateral friendship and cooperation since he took office.

Li Peng was convinced that President Conte's current visit to China will surely contribute even more to bilateral friendship and cooperation.

He expressed his appreciation of the Guinean Government's nonaligned and open policies and its stand on supporting the establishment of a new international economic order.

Conte said that the Guinean-Chinese cooperation can be expanded not only in economy and trade but also in technology and energy [RENMIN RIBAO uses the word "personnel," vice "energy."] Li Peng agreed with him.

Ends Visit in Nanjing

OW1307042988 Beijing XINHUA in English
1421 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Guinean President Lansana Conte wound up his 6-day state visit to China and left here for home tonight.

In the company of Zhu Xun, chairman of the Chinese Government Reception Committee and minister of Geology and Mineral Resources, the Guinean President and his wife arrived here from Nanjing by special plane this evening.

Earlier today, Conte and his party visited the Jiangsu Academy of Agricultural Science in Nanjing, capital of Jiangsu Province.

The academy, founded in 1932, has enjoyed friendly cooperative relations with Guinea and has sent agriculture experts to Guinea since 1969. The two countries' experts have set up two state-level stations on agricultural technology in Guinea.

Alhousseiny Fofana, Guinean minister of Agriculture and Animal Resources said that the Guinean Government attaches great importance to its agriculture and is willing to initiate closer ties with the academy.

Guinea will send post graduates majoring in agriculture to the academy, the official added.

The Guinean guests also toured a local grain barn, a water conservancy network, and scenic spots in Nanjing.

Ambassador to Liberia Presents Credentials

OW1307005488 Beijing XINHUA in English
1805 GMT 12 Jul 88

[Text] Monrovia, July 12 (XINHUA)—Cao Yuanxin, new ambassador extraordinary and plenipotentiary of the People's Republic of China to Liberia presented his credentials to Liberian President Samuel Doe at the executive mansion here today.

During the presentation, President Doe had cordial and friendly talks with the Chinese ambassador. The president expressed his appreciation of the assistance given by the Chinese Government to Liberia and hoped the existing good relations and cooperation between the two countries would be further strengthened in the years ahead.

The new Chinese ambassador arrived here for his post on July 7.

West Europe

Li Peng Meets EC Chinese Delegation Official

OW1207183388 Beijing XINHUA in English
1032 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Chinese Premier Li Peng met Pierre Duchateau, head of the delegation of the Commission of the European Community to China, here this evening.

Minister Zheng on 'Priority' Relations With EEC

HK1307011288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0522 GMT 9 Jul 88

[Report: "Zheng Tuobin Says That China Gives Priority To Its Economic Relations And Trade With EEC"]

[Text] Beijing, 9 July (ZHONGGUO XINWEN SHE)—Zheng Tuobin, Chinese Minister of Foreign Economic Relations and Trade, said today that China gives priority to its economic relations and trade with the EEC.

This morning, Zheng Tuobin held talks with Henry Plumb, chairman of the European Parliament, who arrived in Beijing yesterday. This meeting was placed at the top of the Chairman Plumb's agenda during his 3-day stay in Beijing.

Zheng Tuobin expressed his satisfaction over the Sino-EEC relations, particularly the EEC's technological transfer to China.

However, Zheng Tuobin pointed out that some problems still exist in the development of the Sino-EEC relations. China hopes that the EEC will relax its policy of limiting some of China's exports.

Zheng Tuobin said that in the course of the development of the Sino-EEC relations, problems are unavoidable. And these problems can be solved through consultation between the two sides. Zheng Tuobin said that he was pleased to know that the EEC will send a permanent delegation to China. Zheng Tuobin believed that such a delegation will enable both sides to have more direct contacts to discuss and solve their problems.

Zheng Tuobin also disclosed that China's export volume increased by 16 percent in the first half of this year. According to Zheng Tuobin, China's export volume will continue to increase in the future.

Jiangsu, FRG Governors Sign Cooperation Accord

OW1207204188 Nanjing Jiangsu Provincial
Service in Mandarin 0915 GMT 9 Jul 88

[Excerpts] Gu Xiulian, Jiangsu governor, and Johannes Rau, governor of North Rhine-Westphalia State of the FRG held talks at the (Jinling) Hotel in Nanjing this

morning. They exchanged views on making additional efforts to consolidate and develop economic cooperation between Jiangsu and North Rhine-Westphalia State. [passage omitted]

Jiangsu Province and North Rhine-Westphalia State began to cooperate in economic and technological fields in 1984. Over the past 3 years, leaders from the two sides and members of their economic, trade, and business circles have exchanged successful visits, which has given impetus to the economic cooperation between Jiangsu and North Rhine-Westphalia State and brought about positive results. [passage omitted]

Governor Gu Xiulian began the talk with remarks welcoming Governor Johannes Rau and his delegation, which was composed of members of the economic, business, financial, and press circles. Gu Xiulian said: Governor Johannes Rau has contributed much to our cooperation and achieved many tentative plans. We are very satisfied with this. She then briefed the guests on Jiangsu's economic development and opening to the outside world.

Governor Johannes Rau said: Jiangsu Province is North Rhine-Westphalia State's first partner in cooperation with China. We are also very satisfied with the good cooperative relations with Jiangsu. He then gave a briefing on North Rhine-Westphalia State's efforts to readjust production structure and the ensuing problems.

After the talks, Governor Gu Xiulian and Governor Johannes Rau signed an agreement on expanding cooperation and developing friendly relations between Jiangsu Province and North Rhine-Westphalia State. Present at the signing ceremony were Zhang Xuwu, Jiangsu vice governor; (Josi Musen), minister of economic affairs of North Rhine-Westphalia State; and Liu Gengyin, vice president of the Chinese People's Association for Friendship with Foreign Countries who accompanied the FRG governor in his visit to Jiangsu.

Beijing Mayor Receives West Berlin Delegation
SK1207081188 Beijing BEIJING RIBAO
in Chinese 21 Jun 88 p 4

[Text] On the afternoon of 20 June, at the Beijing Municipal People's Government building, Mayor Chen Xitong met with all members of a delegation from the West Berlin, which was headed by Eberhard Diepgen, first mayor of West Berlin. The two parties had a conversation on a wide range of subjects of interest to both sides and reached agreements on organizing cooperation in the fields of the economy, trade, culture, sports, public health, and public management. After the reception, the two parties signed a memorandum on the matters relating to the development of friendly and cooperative relations between the two cities and on the donation of 1 million marks from West Berlin to Beijing, which will be used to train 16 municipal affairs managerial personnel.

Vice Mayors Zhang Baifa and Huang Chao attended the ceremony for signing the memorandum.

Eberhard Diepgen and his entourage visited China at the invitation of the Chinese People's Institute of Foreign Affairs.

Shanghai Mayor Meets Portugal's Foreign Minister
OW1207193488 Shanghai City Service
in Mandarin 2200 GMT 3 Jul 88

[Text] Mayor Zhu Rongji met and feted Portuguese Foreign Minister Pinheiro and his entourage at Jinjiang Hotel on 3 July. They held cordial talks on developing exchanges between Shanghai and Portugal in the fields of economy, trade, and so forth.

Foreign Minister Pinheiro arrived in Shanghai on the afternoon of 3 July on his first official visit to China at the invitation of Chinese Foreign Minister Qian Qichen. The Portuguese foreign minister will leave for south China on the afternoon of 4 July.

Turkish Air Force Chief Attends Beijing Banquet
OW1307020888 Beijing XINHUA in English
1408 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Wang Hai, commander of China's Air Force, hosted a banquet this evening in the Great Hall of the People to welcome General Cemil Cuha as the first Turkish Air Force commander to visit China.

In Wang's speech, he expressed his admiration for Turkey in building up the country's aviation industry and quickly turning out advanced fighters to equip its Air Force.

Wang also spoke highly of General Cuha's efforts in making the Turkish Air Force strong with advanced equipment and well-trained personnel.

In his reply, General Cuha said his China visit is to promote friendship between the two air forces, which started in March when Commander Wang Hai visited his country.

General and Mrs. Cuha and their party arrived in Beijing yesterday. This morning, Wang presided over a welcoming ceremony at Chinese Air Force Headquarters, where General Cuha, accompanied by Wang Hai, reviewed an honor guard made up of People's Liberation Army soldiers.

In the afternoon, the Turkish Air Force commander and Wang were treated to an aerial performance by the Chinese Air Force.

Traffic Control System Contract Signed With UK
OW1307005988 Beijing XINHUA in English
1454 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—A contract was signed here today between the traffic administration of the Beijing Municipal Public Security Department and Plessey Controls Ltd of Britain to install computerized traffic control system in the city.

The system, which is being financed by British loans, will be able to regulate traffic at 117 crossroads in the north, west and south districts of Beijing.

Two computerized traffic control systems were installed this year in the east and central districts of the city.

The new system will come into operation by 1991.

Li Peng Chairs State Council Executive Meeting
OW1207175788 Beijing XINHUA Domestic Service
in Chinese 1356 GMT 12 Jul 88

[Text] Beijing, 12 Jul (XINHUA)—Premier Li Peng this morning chaired the 12th State Council executive meeting, which examined and approved in principle the "State Council Notice on Instituting the Measures Governing Fiscal Contracts in Some Areas," and the "PRC Provisional Regulations Governing the Use of State-Owned Land in Cities and Towns (Draft)."

While examining the "Notice," the meeting pointed out: Since 1985, the State Council has instituted in all provinces, autonomous regions, and municipalities directly under the Central Government the fiscal system of "differentiating tax categories, determining revenues and expenditures, and concluding multi-level contracts." While this system has aroused the enthusiasm of all localities to increase production and revenues and conserve resources and expenditures, it is still defective. High revenue-areas, which have to deliver a larger percentage of revenues to the state, have little enthusiasm for increasing revenues. The amount of revenue has even dropped in some areas. A better solution is to institute in these areas a system of differentiating tax categories and incorporate contractual functions into the system. However, since conditions are not yet ripe for the system, an interim measure should be taken. Beginning 1988, 3-year fiscal contracts will be concluded with 13 provinces and municipalities, including Jiangsu, Liaoning, Beijing and Chongqing—which deliver relatively large amounts of revenues to the state each year—so that they will be encouraged to increase production and revenues and conserve resources and expenditures, and so that revenues can be more properly distributed between central and local governments.

The meeting maintained that the system has these advantages: fiscal matters can be more open to the people; central and local authorities will share benefits as well as risks at a time when economic and financial situations are highly changeable; and local governments will have greater initiative to invigorate their economies and explore more financial resources, thus increasing their revenues. However, the Central Government's revenues will be reduced and, for the sake of having more revenues quicker, some areas might go after short-term economic activities. All these problems should be attended to and handled properly.

The meeting maintained that the "notice" is not a "soft decision" but a "hard decision," and that in order to be even more open, the document should specify the 3-year contracted quotas for the 13 provinces and municipalities as well as the contracted quotas set previously for other provinces and municipalities.

The meeting stressed that the purposes of imposing different tax rates on state-owned land in cities and towns according to different situations is to rationalize

the use of state-owned land, readjust the taxes for different types of land, improve land management, conserve land resources, and make land use more effective.

The State Council will promulgate both the notice and the draft provisional regulations for implementation after they have been revised.

Provinces Given More Financial Control
OW1307043588 Beijing XINHUA in English
1432 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Thirteen provinces and municipalities are to be given greater control of their financial management following a circular approved today by the State Council.

The 12th Executive Meeting of the State Council, chaired by Premier Li Peng, also issued provisional regulations on the taxation of state-owned land in cities and towns.

In the future, the 13 municipalities and provinces will be responsible for managing their own finances. In the past, the Central Government allocated money for expenditure and collected all local government revenues.

The system will operate in the 13 provinces and municipalities for a trial period of 3 years. Local governments will still be expected to fulfill certain tax quotas to be handed over to the Central Government.

According to the meeting, the "Circular of the State Council on a Number of Areas Practising the Financial Contract System" and the "Provisional Regulations on Taxing the Use of State Owned Land in Cities and Towns of the People's Republic of China" will be issued by the State Council after they have been revised.

Li Peng Visits Hebei, Talks With Peasant
SK1307000988 Shijiazhuang HEBEI RIBAO
in Chinese 19 Jun 88 p 1

[Part one of report on Premier Li Peng's visit to Hebei]

[Text] The sun was scorching on 12 June. According to the weather forecast, the temperature was 36 degrees centigrade.

At 0850 on the Cangzhou-Shijiazhuang Highway, three medium-sized cars stopped suddenly near the wheatfield of peasant Peng Zhichun in Nanpeng Village of Beilou Township of Gaocheng County.

Peng Zhichun, who was gathering the wheat, thought they were just passersby who wanted to stretch their legs. He was surprised to see that the people were walking on the field, where wheat had been reaped, toward him. A middle-aged man with glasses who was walking in front, asked him amiably about how many members he had in

his family, how many mu of wheat he had sown, how much fertilizer he had applied to each mu of field, how many times he had irrigated, and how many jin he could reap from each mu.

Peng Zhichun said that he had three brothers who had their own families but they cooperated with one another by sharing a small tractor, and that he sowed more than 3 mu of wheat, applied 3 cubic meters of fertilizer to each mu, irrigated 4 times, and could reap 700 jin per mu.

The middle-aged man asked with deep concern: "How much does a sack of ammonium carbonate cost?"

Peng Zhichun answered: "It costs 13.5 yuan a sack."

The middle-aged man calculated in a small voice: "Oh, 270 yuan a ton."

"What is the price of plastic sheeting?"

"More than 10 yuan a jin!"

The middle-aged man was surprised: "More than 10,000 yuan a ton!" Pointing at the watermelons beside the wheatfield, he asked: "How much does it cost you to buy the plastic sheeting for 1 mu of field?"

"About 60 yuan!"

"Can a mu yield 4,000 jin of watermelons?"

"Yes, it can. It can even yield 5,000 jin in a good year."

"How much can you earn from 1 mu of watermelons?"

"Excluding the expenses, about 300 yuan!"

An old man beside the middle-aged man laughed: "Ha, ha, ha. Premier, plastic sheets are so expensive but peasants still rush to buy them. That is what's behind it!"

The middle-aged man nodded: "It appears that plastic sheets are more suitable for planting cash crops."

Peng Zhichun suddenly felt inspired: Isn't this Premier Li Peng? No wonder he looks so familiar. I have seen him on television!

At that time, a person pointing out to him Chen Junsheng, state councillor and concurrently secretary general of the State Council; the spirited old man was Du Runsheng, an authoritative person in China's rural issues; and Xing Chongzhi, secretary of the provincial party committee; Yue Qifeng, governor,

This was a pleasant occasion never dreamed of by Peng Zhichun. The premier's heart is linked to the hearts of peasants, and he is always concerned about their misgivings and worries. Li Peng had already gone out of the

office twice to investigate agricultural problems since he took office as premier. He went to Xian the first time to investigate the "vegetable basket"—vegetable production. This time he came to Hebei to study how to further develop agriculture. Peng Zhichun was too excited to speak for a while.

Premier Li Peng understood what the peasant thought. He told Peng Zhichun and his family members: "Come, let us have a picture taken." He also told the photographer: "Don't forget to send pictures to them."

In this way, a meaningful picture of the premier and peasants was taken in the harvested wheatfield along the Cangzhou-Shijiazhuang Highway under the scorching sun.

Further on Li Peng Visit

SK1307001688 Shijiazhuang HEBEI RIBAO
in Chinese 20 Jun 88 p 1

[Part two of report on Premier Li Peng's visit to Hebei]

[Text] At 1530 on 12 June, the car in which Premier Li Peng was riding again stopped in Zhangzhuang Village of Zhangzhuang Township of Gaocheng County.

According to the itinerary, Premier Li Peng and his party were to visit the agricultural experimental farm at Malan Village of Xinji City in the morning, and in the afternoon, they were to visit the waste beach improvement project of Mutong Village of Xinle County. However, to see the living conditions of peasants with his own eyes, and hear their opinions, Premier Li Peng again stopped along the way. He visited villager Cui Baoshan's family first, and then went to Cui Shuchen's home.

Holding her granddaughter, Shuchen's wife greeted him with uncertainty in her eyes: "Who are these guests?"

Smiling broadly, Premier Li Peng played with the child, and asked: "How old is she?"

"Over a year old."

"Can she speak?"

"She is learning to."

Speaking with her, Premier Li Peng entered the house of Cui Zhuchen. Sitting on the edge of the heatable brick bed, he talked about the everyday life with the 58-year-old Cui Shuchen. He asked the old man how many were in his family, how many mu of responsibility fields he was managing, and how much money he could earn a year. The old man Shuchen said: I have three sons. The oldest and the youngest ones are serving in the Army in Chengdu and Kunming, respectively. The second son is a farmer. I and my wife support ourselves independently, taking charge of 4.5 mu of responsibility field (including that assigned to the youngest son who is in compulsory

military service). I raise 2 head of hogs a year, each weighing more than 300 jin. Selling at 1.5 yuan per jin, I can earn a total of 800 to 900 yuan from them. If the income from grain production is included, the per-capita income can reach more than 600 yuan. My sons also send me money from the Army. We have a black-and-white television in our home.

The old man seemed satisfied with his current life. Premier Li Peng felt that peasant households like Shuchen's should achieve affluence as quickly as possible. He said: "You look very healthy. Do you have any sideline jobs?"

The old man's son, Huansuo, cut in: "My father served as an accountant in the production team in the past. He has no other skills."

Seeing that the old man's courtyard was spacious but only a few acacia trees were scattered on it, Premier Li Peng gave an idea: "Why don't you develop the courtyard economy?"

Provincial Governor Yue Qifeng said: "There is a Panjiayu area in Fengrun County where every household plants grapes in the courtyard. The income is considerable!"

Others said: "Growing vegetables can also make a lot of money. You may also plant paulownia trees. Every tree can increase its value by 10 yuan a year."

Old man Shuchen nodded again and again. His wife said excitedly: "The premier has come to my home to help find a way to achieve affluence. He really shares one heart with us!"

Upon departure, Yue Qifeng, fearing that the idea might not be implemented, asked Huansuo again: "What is your education level?"

"I am a graduate of senior middle school," said Huansuo.

"Good, travel around to other places, and take the lead in developing the courtyard economy!"

Cui Shuchen and his family members saw the premier to his car with a feeling of gratitude.

Commentary Says Reform Entering 'Painful' Period
HK1307053088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0414 GMT 12 Jul 88

[Commentary: "China's Reform Enters 'Painful' Period"]

[Text] Beijing, 12 Jul (ZHONGGUO XINWEN SHE)—The reform tide that was launched 10 years ago in China now enters a crucial period, or a "painful" period.

In the past 10 years, China successively adopted a series of reform measures, and achieved remarkable results acknowledged by the world. However, the reforms generally get around to the price problem, which was called a "difficult point" in the reforms.

In the past few years, China did make some adjustments in the unreasonable price system by making the prices of some production materials and consumer goods more realistic, but the problems could not be thoroughly solved as someone "scratches an itch from the outside of his boot." The prices of many commodities still widely varied from their real market prices. This seriously hindered the development of the productive forces, and made it possible for some people to speculate on these goods and disturb the market order.

For example, the price of grain was unreasonably low. As a result, the state had to appropriate a huge amount of money to subsidize the consumers every year, and the peasants lacked enthusiasm for producing grain. Agricultural production in the whole country remained at a standstill for several years. As another example, the purchase price for live pigs was also too low. This dampened the peasants' enthusiasm for raising pigs. Although urban residents were complaining about the short supply of pork, few people seriously thought that if the problem of meat prices was not totally solved, pork might disappear from the food baskets of the housewives.

The railway department in China was blamed and criticized by domestic and overseas mass media for successive accidents. When people traced the reasons, they found that apart from some accidental factors, the main problem was that the freight charges were too low. As a result, the railway department lacked funds to renew the railway lines and add modern equipment. Similarly, the prices of steel, coal, building materials, and raw materials were all too low. This seriously impeded the development of the basic industries and left some hidden perils to China's sustained economic development in the future.

In short, as the reforms reach the present stage, it is hard to make advances, and it is even more difficult to stand still. Therefore, the price reform is called a "difficult and tough task." It is difficult because of the following factors:

At present, the prices of agricultural products, industrial raw materials, and energy are too low, and this seriously hinders the development of the productive forces. Once these prices are adjusted and raised, they will have an impact on the market and affect the prices of all other commodities. Then, the querulous consumers will more strongly complain about the price increases, and many enterprises will not be able to withstand the pressure caused by the price increases.

If consideration is given to the bearing capacity of the consumers, wages will have to be linked with the price index. However, this does not play any role in stimulating production, but may give rise to more troubles. This was the negative experience of some East European countries. They still fail to rationalize the price parities through reforms after more than 20 years, and still cannot free themselves from the "Bermuda Triangle" in which wages and prices alternately increase. The negative experience of these countries make Chinese economists worry about the prospects of China's price reform.

The speeches of the Chinese leaders at their recent meetings with foreign visitors showed that the top decisionmakers are determined to run the risks and challenge the difficulties in the price reform. Deng Xiaoping expected that it would take about 5 to 6 years to break through this difficult barrier in the course of reform.

In order to carry out the price reform in an orderly way, China recently set up a State Price Commission in addition to the original State Price Control Bureau, which is a functional department of the State Council. CPC Central Political Bureau Member Yao Yilin was appointed to be director of this new price commission. It is reported that the State Price Commission is now formulating a general program for price reform. Reportedly, the CPC top leaders will concentrate on dealing with the concrete problems in the price and wage reforms at the coming meetings in the summer resort of Beidaihe.

Commentary Discusses Democratic Parties' Role
HK1307021688 Beijing GUANGMING RIBAO
in Chinese 26 Jun 88 p 1

["Weekly Commentary" by Huang Jingjun (7806 2925 6874): "On China's Democratic Parties Discussing and Participating in State Affairs"]

[Text] Recently China's democratic parties have held lively discussions on their parties' programs and mission, and they maintained, among other things, that discussing and participating in state affairs should constitute one of the fundamental functions of democratic parties. We should fully endorse this proposition.

By democratic parties discussing and participating in state affairs, we mean that these parties, under CPC leadership, should join state power, take part in government administration, consultation and decision on the state's major policies and vital social problems, and in light of their respective characteristics, submit their opinions and suggestions to the CPC and the people's government. Since the founding of the PRC, we have had some successful experience in this respect. For example, in the NPC, the local people's congresses, and the CPPCC at all levels, a certain proportion of seats was reserved for democratic parties; quite a number of their deputies held leading positions in the People's Congresses and the CPPCC, and some of their members were

chosen to join the central government or local governments. They all directly joined the state power and participated in government administration. The CPC Central Committee and party committees in the localities invited leading members of democratic parties to attend the biweekly forum or the democratic consultation which was held regularly or irregularly, to gauge their views on the government's major policies, vital problems in social life, and significant changes of personnel, while democratic parties, based on the characteristics of their efforts, presented to the central departments concerned their opinions or proposals. For example, the China Democratic League, the China Association for Promoting Democracy, and the Jiusan Society have in recent years put forward their opinions or suggestions on the reform and development of China's education, intellectuals' living and working conditions, intellectuals' titles for technical or professional posts and grades, and so on.

Discussing and participating in state affairs by democratic parties, in essence, amounts to political consultation and democratic supervision. For a long period after 1957, due to interference from the erroneous "Left" political line, the function of democratic parties participating in government and political affairs was greatly hampered and many practices became a mere formality. As a result, democratic parties were not in a position to play their role in political consultation and democratic supervision through discussing and participating in state affairs. Since the 3d Plenary Session of the 11th CPC Central Committee, as we have brought order out of chaos in our work on the united front, the function in question has been restored and developed. How to further bring this function into play is a question which merits great attention in the reform of the political system. At present, we should at least strengthen our work in 2 fields.

On the one hand, as the ruling party, the CPC and organs of power and governments at all levels under its leadership should pay close attention to the placement of representative figures of democratic parties, endeavor to systematize and legalize the practice of democratic parties discussing and participating in state affairs, and create favorable conditions for them to do so. In general, democratic parties boast many intelligent members who are particular about scientific approach and democracy, and have been long known for their enthusiastic patriotism. We should create a system compatible with China's conditions so that such a valuable and reliable political grouping can best perform their function in organs of power and governments. It should be noted that a new generation of representative figures of democratic parties has in recent years been added to those of the older generation who have cooperated with the CPC for a long time. We should set great store by the disposition and employment of this new rising force to enable them to gradually play their role in the country's political life. We must see to it that the opinions tabled by democratic parties are taken seriously, and anything rational therein

should be incorporated in strategic decisions of the central authorities and local governments and become an indispensable part of the basis on which policies of the CPC and the people's governments are enacted, while some opinions may serve as a motive force for us to improve our work and to overcome our bureaucracy and unhealthy style.

On the other hand, China's democratic parties should, with earnest effort, organize and unite their members to actively take part in the cause of socialist modernization, and continuously strive for the right to speak in discussing and participating in state affairs. At the same time, they should enthusiastically unfold activities which cater to the needs of our society and contribute to the four modernizations. Democratic parties, featuring a wealth of talented people and known as intelligent groups, have, in the past 10 years, made remarkable contributions in many aspects including supporting the needs of border areas, running schools, giving lectures, and providing consulting services which have been well received by the public. Members of democratic parties also have acquired information, discovered problems, and gained experience through these practices, thereby being qualified to speak in discussing and participating in state affairs. That deputies to the people's congresses and CPPCC from democratic parties have been able to raise opinions and proposals which were in favor of the masses is closely related to their intensive participation in the undertaking of the four modernizations.

With the gradual building of China's socialist democracy, the function of democratic parties discussing and participating in state affairs will be strengthened. How will democratic parties adequately play a role in the country's political life through discussing and participating in state affairs? We should neither follow the formula in the past, nor copy the practices introduced in other socialist countries. We should proceed from the condition of our country and the general objective of building socialist democratic politics and blaze our own trail. A multiparty cooperation and consultation system under CPC leadership is a characteristic and strong point of our political system, and we can only find a way for democratic parties to perform the function of discussing and participating in state affairs in the process of perfecting this system.

NPC Committee Discusses Report on Education
OW1207192588 Beijing XINHUA Domestic Service
in Chinese 1450 GMT 28 Jun 88

[Excerpts] Beijing, 28 Jun (XINHUA)—Assessing the development of China's education in the past 10 years, members of the NPC Standing Committee commented: Marked achievement has been made and it is there for all to see, but at the same time problems in education should not be overlooked.

During a group discussion of the report on China's education by He Dongchang, deputy director of China's State Education Commission, at the second meeting of the Seventh NPC Standing Committee, Li Tieying, state councillor and concurrently director of the State Education Commission, and responsible comrades of the State Planning Commission and the Ministry of Finance listened to the opinions and suggestions of the members of the Standing Committee.

Feng Zhijun said that as all can see, marked achievement has been made in education in the past 10 years. Here are the factors that affect the development of education: the friction of a double system; the contradictions of a binary economy; the widening gap between the eastern and western parts of the country; the reversal of income from mental and physical labor; the growth of short-term conduct. He suggested a new understanding of the social function of education should be enhanced. He said the social functions of education include the function of economic development; the function of promoting spiritual civilization; the function of training cadres; the function of promoting scientific inventions; and the function of social consultation. Education should be counted as one of the criteria for appraising the work of various provinces. In addition, it is necessary to make the exposition of the role of education in China's reform a national policy.

Tao Dazong said there are mainly three problems that impede the development of education in China: 1) The contingents of middle and elementary school teachers have become unstable because the loss of these teachers is becoming increasingly serious. Normal university students don't want to teach in middle schools; normal school students don't want to teach in elementary schools; college and university postgraduates don't want to stay on and teach. If this situation continues unchecked, there will be a serious shortage of successors in 5 or 10 years. 2) The theory that "it is no use to study" has re-emerged. In some areas the hiring of "child workers" has become serious, and many middle school students are dropping out of school to find jobs. 3) The evaluation system for specialized jobs lags behind. This plus the small number of specialized jobs affects the initiative of teachers. He suggested that a double track system be adopted.

Hao Zhichun said leaders in some localities do not sufficiently understand the importance of educational development. They must change this concept and give proper strategic importance to education. He urged the State Education Commission to draw up as soon as possible an educational development plan for the period of the Seventh 5-Year Plan, make an overall study of the problems that need urgent solution, and solve them step by step.

Standing Committee Member Huang Zhigang suggested that a law banning the hiring of child workers should be enacted to ensure the normal schooling of school-age children.

Chen Shunli suggested that educational bonds be issued to solve the problem of a shortage of educational funds.

Zhou Zhanao said that in the past years the party Central Committee has attached great importance to improving teachers' wages. Many schools buildings have been built or renovated, but they are still not enough to meet the needs of the country. One of the reasons for a shortage in educational funds is the failure to make proper use of specialized funds. To address this problem, the State Education Commission should select a few typical examples and criticize them.

[Passage omitted] Mamtov Kurban said the nonmention of nationality education in the State Education Commission's report is a defect. Developing nationality education to train qualified personnel and raise the quality of the cultures of minority nationalities concerns economic development in minority regions. He urged the commission to work out a measure for promoting education in minority regions.

Zhao Ziyang, Other Leaders Mourn Patriot's Death
OW1207192088 Beijing XINHUA Domestic Service
in Chinese 1404 GMT 7 Jul 88

[Excerpts] Beijing, 7 Jul (XINHUA)—Liang Shuming, a famous patriotic democrat in China, finished his life's journey of nearly a century and lay peacefully in a room in the Beijing Hospital today.

Amid mournful music, some 400 people filed past silently to pay their last respects to his remains. They included Li Xiannian, Yan Mingfu, Liu Lantao, Xi Zhongxun, Fei Xiaotong, Sun Qimeng, Wang Renzhong, Qian Changzhao, Zhou Peiyuan, Zhao Puchu, Ma Wenrui, Sun Xiaocun, Cheng Siyuan, other leading comrades, responsible persons of the department concerned, and Liang Shuming's friends. [passage omitted]

There were wreaths from Zhao Ziyang, Wan Li, Li Xiannian, Peng Zhen, Deng Yingchao, Hu Qili, Tian Jiyun, Li Tieying, Song Ping, Hu Yaobang, Song Renqiong, Yan Mingfu, Wang Shoudao, Liu Lantao, Xiao Ke, Lu Dingyi, Cheng Zihua, Xi Zhongxun, Ulanhu, Zhu Xuefan, Zhou Gucheng, Yan Jici, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Wang Renzhong, Gu Mu, Yang Jingren, Kang Keqing, Hu Ziang, Qian Changzhao, Zhou Peiyuan, Miao Yuntai, Zhao Puchu, Qu Wu, Ma Wenrui, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Su Buqing, Hu Juewen Xu Deheng and Chu Tunan. [passage omitted]

It is reported that the urn containing Mr Liang Shuming's ashes will be placed at the Babaoshan Cemetery for Revolutionaries.

Hu Qili Visits Heilongjiang Province
OW1307055588 Beijing XINHUA in English
1441 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—During his recent visit to Heilongjiang Province, party leader Hu Qili called for fostering a national spirit of struggle in China's modernization drive.

Hu, member of the Standing Committee of the Political Bureau of the party Central Committee, visited 25 grass-roots-level units where he talked with local leaders, entrepreneurs, workers, farmers, university students, and private traders in the country's northernmost province.

When asked about the country's on-going reform, most people voiced their support, although some complained about irrational price hikes, low salaries for intellectuals, housing problems, and inadequate public security.

Hu admitted these problems exist and said, "the party and the Government are making overall plans for reform, but the problems cannot be solved overnight."

Hu also said, "Reform should be carried out resolutely, production expanded and made more efficient, and a vital national spirit should be fostered."

"By national spirit, I mean making the goal of realizing the four modernizations and bringing China to life as a pillar of the nation," Hu explained.

Hu urged the masses to struggle hard, share their difficulties with the party and the government, and unite to make it through rough spots in the reform.

Talking with local leaders, Hu reiterated that the Communist Party and government institutions should be honest and free of corruption.

"Eliminating corruption is essential," Hu said, also telling local leaders the central government is working out regulations governing institutions directly under its administration, but the fight against corruption should start at all levels right away.

Hu criticized some administrative departments directly related to people's daily life like local police departments, tax authorities, banks, and gas stations, which often ask customers for gifts in return for their services.

Hu urged these offices to make their work procedures open to the public so they can be under the direct supervision of the masses.

"Corruption can only be curbed by direct supervision by the masses and democratic politics," he said and called on leaders at all levels to talk directly with their constituent.

"Whatever form it may take, discussion with the masses should not exist only in name, but should be aimed at really solving people's problems," Hu said.

"A bridge of mutual understanding, trust, and support can be built between the party, the government, and the masses only when individuals have channels via which to speak out, complain, and make suggestions," Hu stressed.

Wang Renzhi, head of the Propaganda Department of the Communist Party Central Committee, and Sun Weiben, the Heilongjiang provincial party secretary, accompanied Hu on the trip.

Zou Jiahua Outlines New Ministry's Tasks
OW1307105188 Beijing XINHUA in English
1028 GMT 13 Jul 88

[Text] Beijing, July 13 (XINHUA)—China's Ministry of Machine-Building and Electronics Industry was formally set up today.

The new ministry combines the State Commission for Machine-Building Industry and the Electronics Industry Ministry.

One of its main tasks will be developing an industry-wide plan to meet the demands of the national economic development, said State Councillor Zou Jiahua, who heads the new ministry.

"It should make an effort to provide complete sets of machinery and electronics equipment and common machinery and electronics products for the national economy and the people," Zou said.

The development of machinery and electronics products is shared by 44 ministries. Thus organization and coordination are needed to vitalize the industry, Zou said adding that new industrial policies and regulations will be prepared.

He said all projects involving production of machinery and electronics products will have to be submitted to the ministry for examination and approval before construction can begin.

Imports, too, will have to be screened.

The ministry will have a staff of about 1,300, a drop of 42.5 percent over that of the original commission and ministry.

Qian Qichen Attends Retired Cadre's Funeral
OW1207233588 Beijing XINHUA Domestic Service
in Chinese 0738 GMT 4 Jul 88

[Excerpts] Beijing, 4 Jul (XINHUA)—Comrade Wang Zhuoru, a retired cadre of the China Institute of International Studies, died of illness at 78 in Beijing on 21 June.

Comrade Wang Zhuoru began his revolutionary career in 1934, and joined the CPC in 1947. He had been Deputy Director of the Reception Department of the CPPCC, and Head of the Social Affairs Section and Director of the Protocol Department of the Ministry of Foreign Affairs. [passage omitted]

A memorial service for Comrade Wang Zhuoru was held at the Beijing Hospital today. Those attending the memorial service included Huang Zhen, Liu Guanyi, Luo Qingchang, Qian Qichen, Sun Xiaochun, Rong Gaotang, Ji Pengfei, Sun Qimeng, and others sent wreaths to the memorial service.

Bo Yibo Announces Restructuring Research Society
OW1307021688 Beijing XINHUA in English
1414 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—"China should base the country's political restructuring on more theoretical research to accelerate the reform and the construction of a socialist democracy," veteran party leader Bo Yibo said today.

Both the pioneering spirit and the attitude of seeking truth from facts are necessary to China's reform, a gigantic project which must be carried out systematically, said Bo, vice chairman of the Central Advisory Commission.

At today's ceremony to mark the founding of the Political Restructuring Research Society Bo said, the policies of action, implementation, and guarantee are fundamental to the smooth progress of China's political restructuring.

According to Bo, the new society will play an active role in organizing experts, scholars, and researchers to carry out further study, make suggestions, and be a part of scientific and practical decisionmaking.

The society, a nationwide mass academic organization, is aimed at uniting all research fellows and intellectuals involved in researching the country's political restructuring to serve the present reform.

"Theoretical research on political restructuring should focus on socialism with Chinese characteristics and be based on the principle of letting a 'hundred flowers bloom and a hundred schools of thought contend,'" said Bo, also the society's honorary president.

At present, Bo said, the society should concentrate on separating party and government functions, reforming the personnel and labor system, eliminating corruption and bureaucracy, and raising party and government department efficiency.

Zhou Jie, deputy director of the Central Political Restructuring Research Office, was elected the society's president.

Tian Jiyun Inspects Flood Control Facilities
OW1207202888 Beijing XINHUA Domestic Service
in Chinese 1445 GMT 6 Jul 88

[By reporter Zhang Jianjun]

[Text] Beijing, 6 Jul (XINHUA)—During the current high water season, Tian Jiyun, vice premier and chief commander of the State Flood Prevention Headquarters, visited Beijing, Hebei, and Tianjin 4-6 July to inspect their preparedness against flooding. During the inspection, Tian Jiyun urged all leading authorities and departments to regard flood prevention as an important task, heighten vigilance, intensify inspection, be prepared for all emergencies, and organize and direct flood control meticulously to ensure the safety of the people and their property.

Braving rain during the past several days, Tian Jiyun inspected the flood control facilities of the Yongding He, the Xiaqing He, the Daning Reservoir, the Baigou He, the Baiyang Lake, the Daqing He, and the Hai He. He also inspected the removal of debris that obstructed the flow of some channels and inspected the key flood prevention projects of the Huabei Oilfield. He pointed out: Leading authorities in Beijing, Tianjin, and Hebei have paid great attention to flood prevention. They have taken timely measures to ensure the needs of flood prevention in terms of manpower and material and financial resources. This shows their efforts and achievements in preventing flooding. They should continue to work hard and not slacken their efforts to ensure safety during the high water season.

Stressing the importance of prevention, Tian Jiyun said: Some people question the need of flood prevention, saying that the yearly efforts against flooding are needless because there has not been any flooding for years. This is a very dangerous misconception. To prevent flooding, we must uphold the principle of "safety first with prevention as our main concern." Since our forecasts of natural disasters are still not completely accurate, we should not leave things to chance and lower our guard. Only when fully prepared can we minimize the losses caused by natural disasters. As for our flood control facilities, we should consider their overall, long-term effectiveness, instead of their short-term results. The flood control capacity we have developed over the years is an indication of our achievement. We neglect our duty if we are unprepared this year and if a big flooding occurs and causes great losses to the people's

lives and property. This is why leading authorities at all levels must hold themselves responsible to the state and the people and continue to do their work courageously and persistently. Tian Jiyun pointed out that, instead of lowering their guard, people in arid northern China should be especially well prepared against serious flooding. Stressing that all emergency measures against flooding be fully implemented, Tian Jiyun said that, to achieve victories in combating flooding, all leading cadres should work on the flood prevention front in person to exercise strong leadership, provide effective and meticulously planned guidance, and deal with all situations promptly and effectively.

While inspecting some flood control projects, Tian Jiyun stressed that all flood control projects should be lawful. Upon being informed by comrades of Beijing that a factory was fined because it violated flood control regulations, Tian Jiyun said: We must be completely impartial in enforcing laws. By no means should we be lenient and indecisive. Regarding flood prevention, cadres at all levels must take the interests of the whole into account and should not consider the interests of individual departments. Flood control decisions made after feasibility study are the same as orders to be firmly and completely carried out. There should be no bargaining or partial implementation. To ensure unimpeded water flow, all obstacles must be removed, and all difficulties should be surmounted. Any hidden hazards should be eliminated, and all weak links should be strengthened. Large cities, reservoirs, oilfields, and large enterprises must particularly intensify their flood control efforts. Tian Jiyun added: All localities should implement flood control measures in a way appropriate to the local situation. In the future, constructions in areas susceptible to flooding or flood discharge must be able to withstand flooding. Houses, for example, may have flat tops so that they can provide temporary refuge in case of flooding. Oilfield platforms should be strong enough to withstand flooding.

Beijing Mayor Chen Xitong, Tianjin Mayor Li Ruihuan, and Hebei Governor Yue Qifeng briefed Tian Jiyun of their flood prevention measures. Yang Zhenhuai, minister of water resources and electric power and deputy chief commander of the State Flood Prevention Headquarters; and Li Changan, deputy secretary general of the State Council and another deputy chief commander of the State Flood Prevention Headquarters, accompanied Tian Jiyun during the inspection.

Tian Jiyun Attends Signing Ceremony
OW1207193988 Beijing XINHUA Domestic Service
in Chinese 1442 GMT 8 Jul 88

[By reporter Zou Aiguo]

[Excerpt] Beijing, 8 Jul (XINHUA)—The State Council decided recently to develop Xinjiang into a key cotton and beet-producing area of the state. Xinjiang is planned to be developed into a steady and high-yield cotton and beet-producing area before 1995.

A ceremony for the signing of an agreement on the development of Xinjinag into a cotton and beet-producing area was held at Zhongnanhai this afternoon. Vice Premier Tian Jiyun and State Councillor Chen Junsheng attended the ceremony. He Kang, minister of agriculture, and Tomur Dawamat, chairman of the Xinjiang Uygur Autonomous Regional People's Government, signed the agreement. [passage omitted]

Song Jian on More Opportunity for Intellectuals
OW1307004288 Beijing XINHUA in English
1518 GMT 12 Jul 88

[Text] Xining, July 12 (XINHUA)—Intellectuals should be given more opportunities to use their talents in the development of China's economy, State Councillor Song Jian said here today after a 14-day inspection tour of Qinghai Province.

Song, also minister in charge of the State Science and Technology Commission, said that Qinghai is rich in natural resources but badly needs scientists and technicians.

He also noted that government departments, institutions and research units have more intellectuals than they can use while scientific and technical personnel in many localities cannot effectively serve production.

Song suggested the state take effective measures to enable intellectuals to display their talents in production and contribute more to the society while improving their working and living conditions.

According to Song, the state should permit a gradual shift of personnel and allow them to hold two or more jobs concurrently.

While in Qinghai, the minister and his party travelled 2,500 kilometers inspecting mines, industrial enterprises and farms and exchanging views with people from all walks of life.

Wang Fang Urges More Civil Dispute Mediation
OW1307005088 Beijing XINHUA in English
1404 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—China's mediators should be more active at the grass-roots level to stop civil disputes from becoming serious and reduce crime, State Councillor Wang Fang said today.

At today's opening of a 3-day national conference of mediators, Wang, also minister of public security, said, "Criminal cases, especially serious ones like murder and bombings, have become more frequent since the beginning of this year, and serious crimes resulting from civil disputes getting out of hand are accounting for a larger percentage than before."

According to a recent Ministry of Justice survey, 55.7 percent of the cases involving murder, arson, poisoning, bombings, and serious injury stemmed originally from civil disputes.

"China's system of people's mediation is a major deterrent for crime, but depends on the whole society," Wang said, adding the country now has about 1 million people's mediation committees, involving over 6 million voluntary individuals, which are directly administered by more than 50,000 judicial department assistants.

Incomplete statistics show mediation organizations in 30 counties and cities successfully reconciled more than 14 million civil disputes last year, which could have resulted in some [words indistinct] murders and suicides or injuries to more than 210,000 individuals. These figures represent three times the actual murder and suicide victims reported in these areas during the same period.

At today's opening session, 416 mediators and 65 committees were praised by the Ministry of Justice for their "outstanding" contributions in the mediation of civil disputes.

According to Minister of Justice Cai Cheng, mediation, based on the country's laws, policies, and socialism's moral standards, helps stop alienation among individuals, supports the traditions of friendship and living in harmony, and establishes a new style of people-to-people relationships.

Lei Jieqiong, vice chairman of the Standing Committee of the National People's Congress, and Ren Jianxin, president of the Supreme People's Court also attended today's meeting.

Nei Xingwen, Others Mourn Death of Writer
OW1207193088 Beijing XINHUA Domestic Service
in Chinese 1557 GMT 8 Jul 88

[By reporter Hao Qing]

[Excerpts] Beijing, 8 Jul (XINHUA)—A ceremony for paying last respects to the remains of Xiao Jun, a famous revolutionary writer, was held in the auditorium of the Babaoshan Cemetery for Revolutionaries this morning.

Xiao Jun died of cancer on 22 June 1988 at the age of 81. [passage omitted]

Nei Xingwen, Yan Mingfu, Hu Qiaomu, Yang Jingren, Yang Chengwu, and Wang Meng attended the ceremony. There were wreaths from Yang Shangkun, Chen Yun, Wan Li, Li Xiannian, Peng Zhen, Qiao Shi, Yao Yilin, Tian Jiyun, Li Tieying, Li Ximing, Hu Yaobang, Song Renqiong, Yang Mingfu, Wu Xiuquan, Hu Qiaomu, Duan Junyi, Xi Zhongxun, Ni Zhifu, Chen Xitong, Wang Renzhong, Gu Mu, Yang Jingren, Kang Keqing, Qian Changzhao, Zhou Peiyuan, Zhao Puchu, Ba Jin,

Ma Wenrui, Hu Sheng, Cheng Siyuan and Qian Zhengying; and from the CPPCC National Committee, the Central United Front Work Department, the Ministry of Culture, the China Federation of Literary and Art Circles, the Chinese Writers' Association, the Liaoning Provincial CPC Committee, the Liaoning Provincial People's Congress Standing Committee, the Liaoning Provincial Government, and Japan's Uchiyama Bookstore.

1st PLA, Police Martial Arts Contest Held
*OW1207233888 Beijing XINHUA Domestic Service
in Chinese 1500 GMT 4 Jul 88*

[Text] Beijing, 4 Jul (XINHUA)—The First National Army and Police Fist-Fighting/Wrestling Contest, which included contestants from the PLA and the armed police and public security departments, opened in Beijing on 4 July.

Nine teams including 67 athletes from the three armed and police services will contend for gold medals of seven categories in the next 5 days. The contest will be conducted according to the regulations on martial arts fighting contest announced by the State Physical Culture and Sports Commission.

Fist-fighting/wrestling is the essential part of martial arts. It has both practical and defensive uses, and is called martial arts fighting in sports competition.

Li Desheng, honorary chairman of the China Martial Arts Association; and Chi Haotian, chief of general staff of the PLA, attended today's opening ceremony of the contest and viewed the contest of the 60-kilogram category.

Aeronautics Ministry Meeting Stresses Honest Work
*OW1207214988 Beijing XINHUA Domestic Service
in Chinese 1221 GMT 5 Jul 88*

[By reporters Zhou Liang and Meng Xiangjie]

[Text] Beijing, 5 Jul (XINHUA)—At today's inaugural meeting of the Aeronautics and Astronautics Industry Ministry, leaders of the newly established ministry announced ten regulations on being honest in performing one's official duty. The announcement added a feeling of seriousness to otherwise a light and relaxed meeting, and attracted the attention of the nearly 2,000 attendants of the meeting.

"Office cadres are prohibited from using their power or taking advantage of their position to seek personal gains, accepting gifts, or seeking inappropriate income; they are strictly prohibited from asking for or accepting bribes, abusing their powers, neglecting their duties, and extorting money from others; all meetings and official documents should be made simple; using government funds for sightseeing in the name of official tours, and issuing

material rewards without authorization are strictly prohibited; leading cadres should make their official tours brief and economical; and the number of guests invited to social banquets must be limited. Any violations of these regulations should be sternly handled." The meeting hall was silent as these regulations were announced.

Today's meeting was a ceremony to mark the completion of the establishment of the new ministry, and the beginning of official work of the ministry. In the past, such meetings would have been filled with speeches on past achievements and future prospects, and greeting speeches and empty words of guests; and ended cheerfully with clinking of glasses. However, the inaugural meeting of the new ministry only took an hour and 10 minutes. It took the lead in materializing the spirit of the ministry's regulations and deeply impressed people with its well-planned schedule and practical spirit.

Lin Zongtang, minister of the newly established ministry, said: The new ministry is a government administrative organ, and its cadres are people's servants, and therefore they should have a strong sense of responsibility and having something to accomplish, should provide good service to local and grassroot units, and should pay attention to improving work efficiency. Now that government's functions have been shifted to strengthening overall administrative work, this new ministry should pay attention to doing an honest and upright job at the very beginning.

This reporter saw an eye-catching scroll in big characters hanging right at the top of the rostrum of the meeting venue. The scroll read: "Work conscientiously, diligently, and honestly; and be self-reliant."

A spokesman of the ministry told this reporter that the announcement of the regulations at the inaugural meeting was meant to give the ministry's office cadres a shot in the arm and to sound an alarm for everyone.

One of the office cadres attending today's meeting said: From the fact that leaders of the new ministry stressed honest work and announced specific regulations on this at the very beginning, we can see how great an importance the leading body of the ministry attaches to the issue, and how resolute it is in ensuring honest work of the ministry. However, whether all goals can be achieved depends on how the regulations are enforced.

State Planning Commission on Management Reform
*OW1207202588 Beijing XINHUA Domestic Service
in Chinese 0620 GMT 11 Jul 88*

[Text] Beijing, 11 Jul (XINHUA)—A responsible person of the State Planning Commission recently pointed out that an urgent task in strengthening the reform of enterprises now is to speed up the reform of their managerial mechanisms.

In summing up economic work over the first half of the year, this responsible person said: Large and medium-sized state enterprises have made certain achievements since instituting a contracted managerial responsibility system. However, their management is still backward, their economic results are not good enough, their internal mechanisms are generally irrational, and conditions for their development are not quite favorable. In addition, their contract system characterized by "fixed basic quotas" is now faced with a new situation in which prices are fluid.

It is therefore necessary to perform work well in four aspects to strengthen reforms in the second half of the year: 1) Competition mechanisms should be introduced into enterprises at every level. 2) Efforts should be made to improve the association of enterprises, with quotas for workers; to establish a labor market to change the unreasonable phenomenon in enterprises in which "the manpower situation is tight on the frontline of production, that is relaxed on the second line, and it is over-staffed on the third line;" and to properly train people and make arrangements for the placement of redundant personnel. 3) It is necessary to continuously carry out measures to link economic results to the total amount of wages. 4) Efforts should be made to gradually set up and improve a market for means of production as well as monetary, labor, technology, and other markets to create favorable condition for enterprises.

This responsible person pointed out: Now reform is at a critical stage. The party Central Committee has called for accelerating the reform of prices and wages, which involves the interests of each and every worker and staff member. The State Planning Commission hopes that with a definite object in mind, economic departments in all parts of the country will effectively do ideological and political work among workers and staff members and stress economic laws and distribution according to work as well as ideals, morality, discipline, and culture to perform their duties well.

Construction Minister Gives First News Briefing
OW1207191988 Beijing XINHUA Domestic Service
in Chinese 0743 GMT 11 Jul 88

[By reporter Wang Yanrong]

[Excerpts] Beijing, 11 Jul (XINHUA)— Minister of Construction Lin Hanxiong said at his first press briefing today that developing the real estate industry and speeding up the reform of the housing system will be the primary tasks of his ministry in the second half of this year.

The newly established Ministry of Construction began operation on 1 July. It is in charge of overall planning of the nation's engineering projects, urban and rural construction, and the development and operation of the construction and real estate industries. [passage omitted]

Lin Hanxiong pointed out: Real estate is one of the largest industries in China in terms of the fixed assets. The total value of its assets exceeds 15 trillion yuan. However, for a long period our country has implemented a low-rent and welfare housing policy, which means only input and little output in housing. The result of this policy was that the more houses the country builds, the heavier the state's burden becomes. Central leading comrades have issued many instructions on ways to revitalize and develop China's real estate. The ministry will concentrate on the reform of the housing system and the implementation of supporting reform measures, such as commercialization of houses, buying and selling of the rights to use certain tracts of land, comprehensive urban development, and establishment of real estate markets. It will try to improve the relevant policies and vigorously speed up the process of housing commercialization and the buying and selling of the land-use rights. [passage omitted]

The newly established ministry has 18 departmental units and 650 cadres.

Taxation Bureau Director on Collection of Taxes
OW1207203488 Beijing XINHUA Domestic Service
in Chinese 1244 GMT 2 Jul 88

[By RENMIN RIBAO reporter Wang Jinhu, XINHUA reporter Ding Jiangming]

[Text] Beijing, 2 Jul (XINHUA) — Jin Xin, director of the General Taxation Bureau, said today: China collected good tax revenues in the first 5 months of this year. However, tax collection still faces many problems that urgently require solutions.

Speaking at today's national conference on taxation, Jin Xin said: China recorded a relatively large increase in tax revenues in the first 5 months of this year, with the revenues from the major categories of taxes all growing equally. In the January-May period, tax revenues from China's industrial and commercial sectors amounted to 63.5 billion yuan, or 42 percent of the planned yearly total, up 14.7 percent from the same period last year.

Jin Xin pointed out: Currently, a number of problems unfavorable to tax collection still exist. Based on their own interests, some local authorities have failed to make strenuous efforts to collect a number of taxes due, causing inadequate tax revenues. Some institute an exchange tax contract responsibility system for enterprises in violation of the State Council's relevant provisions, thus weakening the macroscopic regulation and control of tax collection and affecting the stable growth of tax revenues. Some, using solving the problem of inadequate educational expenditures as an excuse and acting without authorization, place a number of profit-making enterprises under the jurisdiction of schools as a means of evading tax payments. Some fail to properly control tax deduction and exemption provided to various kinds of companies, resulting in enormous loss of tax

revenues. Some compete with each other in offering more and more generous tax deductions and exemptions to village and town enterprises, causing a considerable adverse effect on tax revenues.

Jin Xin said: Currently, the local authorities and enterprises are indeed facing difficulties, but the state is facing financial difficulties as well. Therefore, we must equally treat the interests of the state, enterprises, collectives, and individuals. Various local authorities and departments should intensify their understanding of the overall situation, make way for the overall interests, and endeavor to raise revenues and reduce expenditures. The taxation departments at various levels should also place the state interests above everything and take the overall situation into consideration. They must regard both local and state tax revenues as equally important, pay attention to both major and small tax sources, and take pains to collect revenues from tax sources that are difficult to retrieve.

Jin Xin stressed: We should not regard legitimate taxation as counter to developing productive forces. Only after the national coffers are full can we guarantee reform and construction; invigorate the economy without losing steam; continue to develop science, culture, and education; and strengthen national defense. Jin Xin pointed out: We should not resort to tax deduction and exemption as the only means of developing productive forces. Currently, some enterprises would rather depend on tax deduction and exemption as a means to survive than take pains to revitalize themselves, tap their potential, and improve economic results. Some enterprises do not use money saved from tax deductions and exemptions to transform technology and develop productive forces; rather they use it to improve welfare or serve as a bonus. All of these make tax deductions and exemptions fail to serve their intended purposes. Therefore, we must take effective measures to intensify the administration of tax deductions and exemptions by instituting a set of mechanisms for them. Enterprises applying for deductions and exemptions must present a benefit target [xiao yi mu biao 2400 4135 4158 2871], and a deadline must be set for realizing the target.

Jin Xin also pointed out: To date tax evasion has not been effectively controlled. Therefore, we must expedite the reform of the administration of tax collection, establish a scientific and tight management system for tax collection, strengthen the legal means for managing tax collection, formulate necessary measures for forcible enforcement, and, if necessary, empower taxation organs to enforce the law. At the same time, we must reform the traditional method of tax collection, and institute a system under which taxpayers are required to take initiative to file tax returns.

Wang Bingqian Urges Unified Tax Policies
OW1307001388 Beijing XINHUA in English
1507 GMT Jul 88

[Text] Beijing, July 12 (XINHUA)—Chinese State Councillor Wang Bingqian today asked localities not to

make their own taxation policies nor offer their own preferential terms in their effort to attract foreign investment.

Speaking at a national meeting on taxation, he said that in collecting taxes from foreign-invested enterprises, unified state regulations and decrees should be strictly carried out.

"The Chinese tax rate for foreign investors is not high at all and there are already enough preferential terms," he said, adding that it is unnecessary to further reduce or exempt taxes from foreign investors.

The key to attracting foreign investment depends mainly on improving the investment environment and Chinese taxes are acceptable to foreign businessmen so long as they can earn profits, Wang said.

Too many local regulations and indiscriminate preferential terms on taxation can only leave an impression of instability on foreign investors, making them feel that Chinese laws are confusing, he said.

"This will actually hamper their enthusiasm in investing in China," Wang stressed.

Characteristics of Private Economy Discussed
OW1307101388 Beijing XINHUA in English
0539 GMT 13 Jul 88

[Text] Beijing, July 13 (XINHUA)—"High efficiency and only moderate exploitation" are among the ten major characteristics of China's private economy, according to a signed article in today's overseas edition of the "PEOPLE'S DAILY".

China now has 225,000 private businesses, each employing at least eight people and with a total workforce of 3.6 million.

Owners of these businesses all seek high efficiency and full load operation, said the article by Ruan Bin.

Yet these owners all use the surplus value created by their employees to expand production and their individual consumption.

"Under the socialist system, only moderate exploitation is permitted, while exploitation of the necessary labor of employees is not permitted," the article continues.

The private economy is the most economical economy in China, the article noted.

In private businesses, both owners and workers pay the closest attention to thrift and saving, because waste means their own loss.

"In this regard, no state-run enterprise can compete with private businesses," the article said.

It described the private economy as one offering good services to society. "Private businesses regard the customer as king."

Market-led decisions force private businesses to operate in a pioneering spirit, which is the powerful driving force for the expansion of the private economy.

The private economy also serves as a necessary supplement to socialist economic growth, the article said.

It makes life easier for both urban and rural people, pays taxes to the government and adds vigor to China's economic construction.

"This is because competition posed by private businesses compel state-run and collective enterprises to increase production and to improve their operations," it pointed out.

Other major characteristics of the private economy include good economic results, intensive use of labor, putting profits above all else and running risks.

'Convergence' of Price Reform, Contract System
HK1307030488 Beijing RENMIN RIBAO in Chinese
5 Jul 88 p 1

[Article by reporters Ai Feng (5337 0023), Jiang Shaogao (3068 4801 7559), and Pi Shuyi (4122 2885 5030): "Price Reform and the Contract System—Roundup of the National Seminar on Theory and Practice of the Contract System"—passages in boldface as published—first paragraph is RENMIN RIBAO introduction"]

[Text] More than 300 theoretical workers, practical workers, and entrepreneurs from all corners of the country attended a "National Seminar on the Theory and Practice of the Contract System" jointly sponsored by the China Institute for Restructuring the Economic System, the China Association of Economic Organizations, the Jilin Provincial Commission for Restructuring the Economic System, Association for Economic Organizations, and Center for Economic and Technological Studies, and the RENMIN RIBAO Economic Department in Changchun City, Jilin Province in mid-June. At the meeting, the question of "convergence" of price reform and the contract system was discussed in a concentrated way.

In 1987, it seemed that the contract system which had become fashionable throughout the country would be battered down by the price reform under consideration. Some people asked in alarm: Will the contract system still be carried on?!

People are urged to pay particular attention to passing the test of price reform, but the contract system is based on a "double track system." If we loosen controls over prices and move to a "single track system," the contract system will lose its foundation. Then, how can it still survive?

Since the contract system is characterized by "fast fixed base figures," when prices fluctuate and base figures cannot be fixed quickly, how can we still call this a contract system?

Some people argued: The contract system is just a minor interlude in enterprise reforms and moreover, it may probably be an interlude drifting away from the main melody.

Apparently, the contract system which was banished to the "other register" for a time and has just taken "the seat of the guest of honor" is again being confronted with a new test.

Grow flowers intentionally and they will just not blossom, but plant willows unintentionally and they will grow row by row. Some people said: The contract system is like the "willows" of reform. Where does the truth lie with this argument?

The practice of Jilin Province in adhering to the contract system over the last 6 years may give people some enlightenment. From 1982, Jilin Province began implementing a system of contracting responsibility for turning losses into profits or for profit earnings first among some debt-incurring enterprises and enterprises operating with a meager profit and then it introduced the system of contracting responsibility for progressively increased profits, the system of contracting responsibility for fixed quotas, and the system of sharing profits in excess of fixed base figures in some other enterprises. Since 1986 the province has introduced the contract system by introducing competitive, stimulative, and restrictive mechanisms and risk-taking principles one after another into the contract system, thus enriching it. At the seminar, He Zhukang, secretary of the Jilin provincial party committee and governor, made this summarization: Being highly influential, adaptable, and compatible, the contract system has the function of developing a new structure by relying on the old one.

Zhang Yanning, vice minister in charge of the State Commission for Restructuring the Economic System, stressed that the contract system was a practical choice made in light of China's national condition: The development of productive forces is uneven and enterprises differ in thousands of ways. This determines that in drawing up countermeasures for enterprise reforms, we have to choose a form best suited to these differences.

In a situation in which the cry of people for the shareholding system is getting louder and the advocacy of "restraining the contract system and developing the

shareholding system" has raised its head, how long can the contract system last? Song Tingming, director of the Theoretical Propaganda Bureau of the State Commission for Restructuring the Economic System, maintained: The contract system is a mode of operation commensurate with our country's national condition in the initial stage of socialism. The contract and shareholding systems are not contradictory. The former is a mode of enterprise operation and an interest-regulatory mechanism while the latter is a system of enterprise property and a form of enterprise organization. They are things of different levels. In other words, even enterprises which practice a shareholding system in rationalizing property relations can adopt a contract system in their operations.

At the seminar, many comrades pointed out: The contract system is not a fixed and ossified thing. As the contract systems develop, people have already noticed that several new enterprise mechanisms have also developed. For example, the establishment of contract relations has helped make the relationship between the government and the enterprises clear and weakened government intervention in enterprise management; the introduction of competition mechanisms into the contract system has smashed the traditional cadre system, thus creating conditions for entrepreneurs to display their talents to the full; and the practice of "contracting responsibility for but not ensuring profits and losses in operation" has further compelled enterprises to enter the market, thus enabling them to assume responsibility for their profits and losses to some extent. It is precisely because of this that some people say that contract management is a quiet revolution and it is also precisely from this understanding that Ong Zhan, deputy director of the Jiangsu Provincial Commission for Restructuring the Economic System, expressed the worries of some practical workers when he stated in his speech: If we "always undertake new moves and frequently change them" and replace the contract system with a new one, this will make the growth points of these new structures wither and will also sap people's confidence in the continuity of reform plans.

Is the contract system not compatible with price reform? It is. The development of the contract system is the necessary prerequisite for price reform and the latter is the necessary condition for perfecting the former. The convergence of price reform and the contract system is an inevitable trend.

According to the results of a survey of 1,200 enterprises conducted by the China Institute for Restructuring the Economic System, the contract system has remarkably enhanced their abilities to cope with contingencies. In 1987, although the prices of materials rose continuously and only a few enterprises altered their contract base figures, enterprises under the contract system did not shift all the increased costs to the prices of their products and a considerable proportion of the increased costs was digested by the internal departments of enterprises.

It is said that the contract system is based on a "double track system" of prices. However, what is interesting is that directors of many enterprises under the contract system urgently demand that prices be rationalized and the "double track system" abolished. They keenly feel that the "double track system" has brought them troubles difficult to cope with. Under the system, they have to devote much energy to establishing relationship networks and writing instructions on reports or brief notes. Only when prices are rationalized can a sound external environment be created for the contract system. This will also prompt enterprises to make efforts to improve their internal management. Professor Xiao Z. huoji of Beijing University's Economics College asserted: Implementing the contract system and strengthening the status of enterprises as the main player of the market are the prerequisite for price deregulation, which gives enterprises power to fix their prices independently, thus infusing fresh vigor into enterprises.

It is necessary and possible to link price reform with the contract system. This is a relatively identical view held by many but views are divergent on how the two are to be linked. There are two opinions. One opinion holds that when it comes to price reform, we should pay attention to the current developments of the contract system, adhere to the stability of contracts, and make only minor price readjustments. Another view holds that if the current situation of the contract system is not changed, there will be very little room for price reform. From an overall point of view, the contract system should be developed and perfected in line with the needs of price reform.

Which should be suited to which? Most people tend to the view that active efforts should be made to perfect the contract system to willingly greet price reform.

According to one analysis, the key to success of price reform lies in how well enterprises can withstand the consequences of the reform. Director Ma Shengli of the Shijiazhuang Paper Mill, dubbed "Contract Ma," brought an optimistic atmosphere to the seminar. He told seminar participants: The prices of papermaking materials were continuously rising but the profits of the mill have also all along surpassed the contracted base figures. The "key" to this state of affairs lies in the continued improvement of operation and management under such a pressure. When he showed on the rostrum the new products of his mill, such as a water-resistant paper tablecloth and one-time paper tourist hats, warm applause burst out from below the rostrum.

Before price reform was carried out, enterprises differed in mood: Enterprises that predicted prices would go up would naturally "earnestly hope" for price reform; well-managed enterprises "secure in the knowledge that they have strong backing"; and poorly-managed enterprises that had no economic gain to reap from such price readjustments felt panic. Some people favored adopting a stern approach toward these enterprises, suggesting

that their contract base figures not be altered rashly and that if they failed to save themselves in operation, it would be better to let them be eliminated. Invigorating enterprises does not necessarily mean saving all enterprises from bankruptcy. That only the best survive is the inevitable outcome of a commodity economy.

A comrade from Jilin said: The contract system has a huge systemic capacity. Today when our country's reform has entered a critical juncture, how to make full use of its capacity should become a practical problem which we should explore with a concentrated effort. The success or failure of price reform is ultimately decided by how well enterprises gain economic results. It is, therefore, more urgent for us to conduct such an exploration.

At the seminar many comrades put forth countermeasures.

Well-known economist Wu Jinglian said: The contract system should be standardized. To put it another way, contract base figures should be determined first by trade-wide average profit rates and then by industry-wide average profit rates and at the same time, profits and taxes should be separated, and a system of contracting responsibility for after-tax profits introduced.

He Zhukang discussed Jilin Province's tentative ideas on perfecting the contract system: Introduce a diversified ownership structure, experimentally try a "two-stage" contract system—all personnel of enterprises contract for state assets and then select and employ their managers through public bidding; introduce contracting and shareholding management after funds are kept in separate accounts; and open markets for entrepreneurial talents and property-rights transfers.

Xiao Zhuoji contended: In handling the relationship between price reform and the contract system, it is necessary to follow a principle like this: "Contract base figures should be fixed but flexibly handled and two-way deregulation, unified standards, and joint risk-taking ensured." It is advisable to readjust the base figures to be turned in to the state at regular intervals so as to alleviate the contradiction between price swings and fixed contract base figures in accordance with how seriously price changes affect enterprises' production costs and product prices. When prices fluctuate, individual enterprises shall not hold talks with departments concerned on a "one-to-one" basis and in this regard, unified standards should be ensured. State organs concerned should provide the parameters for expected exchanges in the prices of various products.

Some comrades suggested that the commercialization of production elements be regarded as the foundation for perfecting the contract system and promoting the price and wage reforms. Others proposed that contract risks be socialized and "buffers" created, such as developing

contracting business companies, contracting for a number of enterprises in different regions and departments or ensuring that enterprises contractors and managers would suffer reduced bad effects of price swings; setting up a price buffer fund in which part of the risk funds is concentrated to help enterprises fairly seriously hit by price swings in investment or loans; organizing enterprise-based employment contracting companies so as to help enterprises "hire and fire" employees

At the seminar people were pondering and discussing.

The contract system is faced with both a test and development.

Official Urges Improving Investment Environment
OW1307013988 Beijing XINHUA in English
1113 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—China will make every effort to maintain low labor costs, and reasonable land-use fees and electricity prices for foreign investors, a senior official said here today.

"Our objective is to make foreign investors feel that the products manufactured by their factories in China are exceptionally competitive in the international market," said Zhao Ryundong, deputy director of the Special Economic Zone Office under the State Council.

Zhao, speaking at the ongoing fifth Sino-Australian senior executives forum, said China will do its best to support foreign-invested enterprises with the necessary loans, help them realize the balance of foreign exchange revenue and expenditure and guarantee their autonomy in doing business.

According to him, the central departments concerned are considering revising some provisions of the law on joint ventures and cooperative enterprises.

The deputy director pointed out that inexpensive labor and low land rent are the requisite conditions to ensure for foreigners the best returns on their investment.

The fee charged for developing and using land is from five yuan to 20 yuan (about 1.4 To 5.6 U.S. dollars) per sq m a year, and the fee for land use only can be reduced to three yuan or even less per sq m, he said.

Zhao stressed that an even more significant attraction for foreign investment lies in China's vast market. "With the improvement of China's balance of foreign exchange, this advantage will be increasingly manifested," he said.

More than 100 Chinese and Australian executives are participating in the forum, which opened yesterday.

New Foreign Investment Plan Proposed
HK1307003088 Beijing CHINA DAILY in English
13 Jul 88 p 1

[By staff reporter Qin Xiaoli]

[Text] In an effort to streamline China's taxation system, the State Administration of Taxation is proposing to combine two income tax laws concerning foreign investment into one.

The two current laws, both in effect for seven years, give different treatment to Sino-foreign joint ventures and solely owned foreign firms in China.

The new law, which is still under preparation, will put the two under one fixed income tax rate and terminate the progressive tax that now applies to solely owned foreign firms in China. The new law also will specify preferential treatment to firms with foreign investment.

This is one of the reforms proposed at the National Taxation Working Conference that ended in Beijing yesterday.

Other important plans include cutting tax rates for domestic firms, terminating the regulation tax for State-owned enterprises, and starting a land use tax, stamp tax and banquet tax.

Factories that used to pay loan services from pre-tax incomes will have to take it from after-tax profits in the near future.

China has greatly strengthened its taxation system in the last few years, and recently promoted the national tax body from a bureau under the Ministry of Finance to the vice-ministry level.

Wang Bingqian, State Councillor and Minister of Finance, reiterated at yesterday's conference that a nation should have unified tax laws and legislative measures should be taken to enforce the law.

Wang criticized some provincial authorities and units which give excessive tax deductions to local and foreign investors.

"We cannot afford further tax deductions," the minister said. "If every department makes its own tax policies and gives tax deductions as they see fit, where can we find equal tax burden and fair competition among industries? Where can we find a steady increase of State revenue?"

A competition of tax deductions for foreign investment among Chinese localities will not effectively attract foreign investment, Wang said. On the contrary, the state of anarchy will only give them a feeling of uncertainty, the minister said. "They will be confused as to who has the last say in terms of tax matters, and will refrain from investing," he added.

He reiterated that illegal "tax deductions must be stopped."

Wang asked the nation's 400,000 tax officers to work hard and try to collect 3 billion yuan extra this year to help ease the State's financial difficulty.

The central government has allocated 680 million yuan and provincial governments 400 million yuan for the building of residences for demobilized officers, according to Zhao.

Light Industry Ministry Emphasizes Research
HK1307003888 Beijing CHINA DAILY
in English 13 Jul 88 p 3

[By staff reporter Li Chao]

[Text] China's Ministry of Light Industry has launched a reform plan to streamline its operations.

The reform plan stipulates that the four major functions of the ministry are: mapping out a strategic development plan; promoting technical achievements; formulating criteria for different products; and revising plans for the entire industry.

Departments under the ministry have been given distinct functions, which are detailed by the reform plan.

The number of departments under the ministry has been reduced from 20 to 15, and staff members have been cut from 936 to 570.

The ministry plans to professionalize its administration and management by transferring staff from department management positions to overall management of the light industry trade, an official from the ministry said.

The ministry has set up a light industry research centre and a technological research and development centre to strengthen light industry development research and market analysis in and outside China. The new centres will assume some of the functions of the administrative departments.

Also, the ministry, which deals with 44 trades and industries, will establish 15 professional associations and eight companies over a period of time to help the government manage various trades and industries.

The streamlining of the industry is based on the principle of flexibility and efficiency. It is designed to help staff members adapt to their new functions according to the reform plan.

The nation's light industry has been developing rapidly during the past few years. Now, about 70,000 enterprises produce approximately 10,000 varieties of products under the administration of the ministry.

The gross output value of the industry reached 165.7 billion yuan last year. The ministry paid more than 25.4 billion yuan in taxes and earned more than \$6.7 billion last year, which accounted for one-fifth of the nation's total industrial earnings.

But with increased purchasing power of the people and opportunities in the world market, the demand for light industrial products also has intensified.

The present light industry management system hinders development.

Labor Ministry To Reform Labor, Welfare Systems
HK1307002288 Beijing CHINA DAILY
in English 13 Jul 88 p 1

[By staff reporter Dong Lisheng]

[Text] Minister of Labour Luo Gan said yesterday that his ministry is making a general plan for reforming the labour, wage, insurance and welfare systems.

The major task for reforming the wage system in the next few years includes taking measures to prevent decline in the real wages for the majority of workers in the process of price reform. Low income workers will be given regular subsidies, he said.

The practice of linking the enterprises' total amount of wages to its' economic results will be perfected.

Under the new practice, enterprises only can increase their total wages by expanding production and increasing labour efficiency.

The enterprises, which have been given full autonomy in deciding concrete distribution methods, will link workers' wages to their performances.

This will make it possible to separate the salary system of government employees and workers at other public institutions from the wage system for enterprises, Luo said.

The general wage and salary levels for mental and physical workers will be adjusted in a planned way. Pay to intellectuals will be increased gradually. Some unreasonable problems in payment for intellectuals left over from the past will be properly solved, Luo said.

Methods are being considered to alleviate the problems of unfair social distribution.

"Abnormally high incomes from dishonest activities must be prevented while high incomes from honest labour will be adjusted by taxes," Luo said.

The ministry will improve control over the total amount of wages by establishing a new system, under which labour departments at all levels will shoulder responsibility.

He said in reforming the employment system, the market mechanism will be introduced to employment. The managers will be given full power in employing workers and labourers will be free to choose jobs.

The ministry will also renovate the current social insurance system by establishing a social insurance foundation, he said.

The insurance covering retirement pension, unemployment and medical arrangements will be popularized.

The short-term targets are to enlarge the pools of retirement pensions and unemployment insurance for the workers at state-owned enterprises.

Agricultural Ministry To Increase Food Production
HK1307061288 Beijing RENMIN RIBAO in Chinese
8 Jul 88 p 1

[Report by Xiao Junxi (5135 0193 3536) from Beijing on 7 July: "Ensure the Increase in Nonstaple Food Supply in China's Urban and Rural Areas—Agricultural Ministry Organizes the 'Food Basket Project'"]

[Text] At today's press conference, the Ministry of Agriculture announced that it will organize a plan called the "Food Basket Project" to ensure the gradual increase in the supply of nonstaple food in the urban and rural areas in our country.

Through in-depth investigations and studies, the experts, scholars, and practical workers involved in the "Food Basket Project" have worked out a set of short-term and medium-term measures by using the systems engineering methods to rationalize the prices of nonstaple food. The production and circulation structures will be reformed; the land resources will be utilized more reasonably; the nonstaple food supply structure will be adjusted; practical technologies and techniques will be spread; and infrastructural facilities will be strengthened. It is planned that the total quantity of animal products supplied in 1992 will increase by 12.6 million tons over the 1987 level, and that good-quality vegetables will be evenly supplied in all cities.

According to the basic outline and concrete measures in the "Food Basket Project," through developing production and adjusting the nonstaple food supply structure to guide consumption, people's consumption of meat will be diversified, and the proportion of poultry, rabbits, eggs, milk, and fish will increase, as these animal products can be produced using less grain. High-quality vegetables will also increase on the basis of guaranteeing the supply of the main vegetables. For this purpose, it is necessary to strengthen the seed multiplication and breeding systems, develop the feed industry, build more facilities for fishing, raising animals, cool storage, transport, elementary processing, and classifying products. At the same time, the barriers between different administrative areas should be removed so that the producing and marketing areas can join hands in planning and investment, and can share the benefits by establishing and running economic cooperation zones and bases for nonstaple food production. For example, egg, chicken, and milk production bases on a certain production scale can be built in suburban areas to ensure the supply of these products in various cities. Winter vegetables production bases can be built in the southern provinces; autumn vegetable production bases can be built in Shanxi, Shandong, and Henan; in northern areas,

300,000 mu of high-yield vegetables can be planted; in the whole country, 104 pig production bases will be built; in central China, a beef production zone will be formed; coastal cities and 13 freshwater fish production zones will be built into bases for raising freshwater and saltwater fish-farming bases; 10 milk cow bases will be built in northeast China, Hebei, and northern Jiangsu. Advanced technologies and scientific techniques will be spread and will be integrated into a whole system in production so as to realize intensive production. This is an effective way to enhance the nonstaple food commodity rate and the economic efficiency in nonstaple food production. In this period, 10 selected technologies will be spread in the production and storage of feed and fodder.

While the state is reforming the price system, the implementation of the "Food Basket Project" will promote the reform of the nonstaple food circulation system and the commercial management system. According to this project, wholesale markets will be built in all large cities, and food can be sold through various channels. With the large cities as the centers, some integrated economic organizations which handle production and marketing can be set up, and these organizations can cut across different provinces and regions. Thus, administrative management can be substituted with enterprise operations. At the same time, all quarters of society should be mobilized to develop nonstaple food production. The state organizes the building of production bases and provides seeds, breeding, and epidemic prevention services. The peasants should be mobilized to develop the production of poultry, animals, fish, and milk by forming specialized households, combination bodies, and specialized villages. Production should be gradually shifted to a specialized pattern. Large and medium-sized cities should use the incomes from industry to support agricultural production. They may raise more idle funds in society through issuing bonds and stocks so as to finance the building of nonstaple food production bases. Large and medium-sized enterprises should also be encouraged to run various nonstaple food production bases.

A. the press conference, Liu Jiang, vice minister of agriculture, said that the "Food Basket Project" was drawn up in light of the concrete conditions in our country, and its target is to realize the even development of demand and supply. It is a long-term overall program in the field of nonstaple food production. Agricultural Minister He Kang also indicated at the meeting that the Ministry of Agriculture will give priority to this project, and he hoped that other departments will also give full support to this project.

Commentator Views Food Project

HK1307061888 Beijing RENMIN RIBAO in Chinese
8 Jul 88 p 1

[Commentator's article: "Pinning the Hope on the "Food Basket Project"]

[Text] As the saying goes, "Once a person opens the door, he will have to deal with seven things—oil, salt, firewood, rice, sauce, vinegar, and tea." All these things

are related to people's food. As a whole, the food consumption level of the urban and rural residents in our country has substantially risen in the past few years. Most people, especially the urban residents, do not need to worry about the "seven things." People now show more concern for the variety and quality of such nonstaple food as the vegetables, eggs, milk, poultry, and fish in their "food baskets." Under these circumstances, the Ministry of Agriculture formulated the "Food Basket Project." This indicates that the party and the government attach great importance and show concern for people's food consumption.

The formulation of the "Food Basket Project," which includes the measures for gradually increasing the nonstaple food supply level in the near and intermediate future, is a timely and necessary step. Although people's "food baskets" are small, it is never easy to fill them with sufficient food that can satisfy those who hold these baskets. The production and marketing of nonstaple food involve many departments, localities, and all people. There are tens of thousands of all sorts of products in this category, and they are produced in the trades of agriculture, forestry, animal husbandry, sideline industries, and fishery. To solve such an extensive and complicated issue, we must have an overall agricultural plan and some flexible operational mechanisms, and must give unified planned guidance and set up scattered and enlivened market systems. We must also build storage and processing facilities to smooth out the circulation and supply of food. That is to say, the supply of nonstaple food should be taken as a systems engineering project. That is why the plan is called the "Food Basket Project."

To solve the "food basket" issue, we should reasonably guide consumption and go all out to develop production. We should say that in the past 10 years of reform, people have found that the contents of their food baskets are getting richer every year. This is one of the achievements of the reforms. However, we must also notice that the supply of nonstaple food now still cannot meet the demand; the gross supply level is not high enough; and the prices are increasing. This has caused some discontented feelings among the people. The problem is that when production increased, consumption also grew, but production development could not keep pace with the increase in food consumption. On 17 March this year, this newspaper published a commentator's article entitled "Food and the National Conditions." In that article, we expounded an important viewpoint: In China which has a population of 1 billion people and has relatively inadequate resources, it is unrealistic to hope that the people will soon be able to consume high-quality and sufficient food. According to statistics of the department concerned, in the last 10 years, the consumption of nonstaple food increased at the following rates: fresh eggs 170 percent; poultry 290 percent; pork 88 percent; aquatic products 54.3 percent.... Such rapid increases in consumption will certainly cause price increases, market

tensions, and people's discontent. So we must give guidance to people's consumption and adapt it to the present national conditions and national strength. On the other hand, we should also notice that with the development of the national economy, the living standards of the people are continuously rising, and the increase in food consumption is an irreversible tendency. So, to mitigate the contradiction between supply and demand, we should rely on developing production and gradually raising the supply level. The "Food Basket Project" serves the purpose of greatly promoting nonstaple food production at the present stage, basically mitigating the shortage in the gross quantity of nonstaple food and the structural shortages in the near and intermediate future, and improving the general quality of nonstaple food and the product structure in our country. Of course, rationalizing the prices is the foundation for guiding consumption and developing production.

The "Food Basket Project" is still a blueprint. We still have to do a great deal of painstaking, complicated, and careful work to turn the blueprint into real food in people's baskets. This also needs the support and cooperation of all departments and localities. So long as we pursue correct policies and plans and make unremitting efforts, our "Food Basket Project" will not let down the people who pin their hopes on it.

Farm Materials Price Hikes Said Excessive
OW1207175988 Beijing XINHUA in English
0658 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Figures released by the State Administration of Commodity Prices show many agricultural materials producers and sellers have unilaterally raised their prices excessively in the first half of this year.

According to the administration, a survey which started last February discovered 16,000 cases of price violations, involving a total of 130 million yuan.

The price hikes have caused great resentment and complaints among farmers.

For instance, the administration cited the case of Qingyuan Town Government in Gansu Province, which resold urea they had bought at a state-fixed price for a profit of 650 yuan a ton to farmers.

The Tobacco Company in Jiashan County, Anhui Province, bought plastic sheeting for 6,000 yuan a ton. But when the sheeting was sold to farmers after passing through the hands of middlemen the price had risen to 11,000 yuan a ton.

The administration officials said commodity price control departments are now investigating such profiteering cases and farmers have been refunded a total of 10 million yuan.

Hainan To Build 7 Large Refueling Stations
HK1307060688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1421 GMT 11 Jul 88

[Report: "Hainan Will Build Seven Large Offshore and Land Refueling Stations"]

[Text] Haikou, 11 Jul (ZHONGGUO XINWEN SHE)—In the next 3 years, Hainan Province will build seven large modern offshore and land refueling stations. The Hainan Mobil Petroleum Service Co Ltd, which opened for business today, plans to invest \$10 million to carry out this plan.

The Hainan Mobil Petroleum Service Co Ltd is jointly run by the Hainan Provincial China Travel Service and the Samlik Investment and Trade Company in Hong Kong (the latter is the agent of the Mobil Oil in Hong Kong). This company plans to build seven large modern offshore and land refueling stations and oil tanks in Haikou City, Sanya City, Qinglan Harbor of Wenchang, Xincun Harbor of Lingshui, Basuo Harbor of Dongfang, Yangpu Harbor of Danxian, and Wushi Town of Qiongzong. They will supply high-quality imported fuel for vehicles and fishing boats in Hainan Province and fishing boats from Hong Kong, Macao, Taiwan, and foreign countries. These refueling stations will form an integrated oil supply network on the whole island, and will play a big role in supporting Hainan's economic development.

It is learned that this company will begin to build two large modern refueling stations in Haikou and Sanya, and their designed capacity is to supply 50,000 tons of oil each year.

'Floating Population' Complicates Family Planning
OW1207121488 Beijing XINHUA in English
0728 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—The problem of administering family planning policies among the floating population has attracted the attention of the government.

Nowadays, about 50 million people travel around the country making a living, and escape the attentions of the family planning authorities, the "PEOPLE'S DAILY" said today.

A couple from East China's Zhejiang Province had only one child when they came to Lanzhou, Gansu Province, in 1983. Now they have five children.

On Daxizhai Island, Zhejiang Province, live three immigrant couples. One couple has two sons and two daughters, another has one daughter and six sons.

The number of children without residence registration has reached one million, the paper quoted a Ministry of Public Security official as saying.

The paper said it has received a large number of letters from its readers calling for government departments to take measures to solve the problem.

East Region

Fujian Congress Standing Committee Ends Meeting
OW1207185088 Fuzhou Fujian Provincial Service
in Mandarin 1000 GMT 28 Jun 88

[Excerpt] The Third Session of the Standing Committee of the Seventh Fujian Provincial People's Congress closed this afternoon.

The session examined, discussed, and approved the measures for implementation of the PRC Compulsory Education Law in Fujian Province; provisional regulations by the Fujian Provincial People's Congress Standing Committee governing work of the Presidium of the village and town people's congresses; the resolution for setting up work committees under the provincial People's Congress Standing Committee in Jianyang, Ningde, and Longyan Prefectures; the resolution on fixing the Double Ninth Festival [the ninth day of the ninth lunar moon] as the day of respect for the aged; and a number of namelists of personnel appointments and dismissals. The session decided to appoint (Ou Jinggang) director of the Village and Town Enterprise Bureau of Fujian Province, and Jing Fusheng director of the Fujian Provincial Physical Culture and Sports Commission in accordance with their nominations by Governor Wang Zhaoguo.

Cheng Xu, chairman of the Provincial People's Congress Standing Committee, spoke at the session. He expounded the important significance of the reform of commodity prices and wages. Then he dwelt on two topics, namely, strengthening the socialist legal system and strengthening the socialist democracy. [passage omitted]

Fujian Economic Zone Bank Rewards Stock Holders
HK1207140588 Beijing CEI Database in English
12 Jul 88

[Text] Xiamen (CEI)—The Xiamen International Bank, China's first ever joint bank, has recently remitted 4.14 million Hong Kong dollars to its stockholders in Hong Kong.

Situated in Fujian Province, the bank, jointly funded by the mainland's three banking institutions and the Panin Holdings Ltd. of Hong Kong, earned over 10 million Hong Kong dollars in profit last year.

The bank's registered capital is 800 million Hong Kong dollars, of which 420 million was received by the bank on the first stage.

Since the beginning of its operation in November 1985, the bank has steadily developed. By the end of 1986, it had gained a profit of over 16 million Hong Kong dollars, of which 8.97 million was the first share for the Hong Kong stockholders.

At present, the bank has expanded its business to the whole of Fujian as well as the provinces of Shandong, Guangdong, Jiangsu and Zhejiang.

Jiangsu Actively Supports Military Reform
OW1207195988 Beijing XINHUA Domestic Service
in Chinese 0050 GMT 4 Jul 88

[By reporter Liu Donggeng and correspondent Hu Xiao]

[Text] Nanjing, 4 Jul (XINHUA)—The Jiangsu provincial party committee recently studied ways to support the military in implementing the relevant rules and regulations approved by the NPC Standing Committee concerning military construction, and it has decided 'o support the military reform with concrete action.

Comrades Han Peixin and Gu Xiulian urged party committees and governments at all levels in the province to have a profound understanding of the great significance of the implementation of the relevant military regulations and to take the initiative as masters of the house in carrying out coordination work. The provincial party committee has decided to: Do a good job in propaganda work and, on this basis, help locally stationed PLA units implement organizational work relevant to the conferment of medals and ranks. Military-government joint offices should be set up at provincial and city levels, with the military playing a predominant role, so that the military and local governments are able to cooperate closely in the conferment of medals on retired military cadres transferred to government jurisdiction;

Convey our warm appreciation to locally stationed PLA units and retired military cadres in connection with the activities marking the "1 August" Army Day, the National Day, and the 40th anniversary of the victory of Huaihai Campaign;

Have the Organizational Department of the provincial party committee and the provincial Personnel Bureau study and solve as quickly as possible wage scale questions of cadres of some county (city, and district) people's armed force departments who have been transferred to local authorities. They must also do a good job in placing cadres transferred to the civilian sector this year;

Further intensify education in national defense among the people; vigorously publicize the meritorious services of the PLA and the historical contributions of the retired veterans; give publicity to the fine traditions and workstyle of the People's Army; and foster a provincewide general mood of emulating, loving, and respecting the PLA, conscientiously safeguarding the military interests, and actively supporting military reform and construction.

Jiangsu's Han Peixin Discusses Party Discipline
OW1207194988 Nanjing Jiangsu Provincial Service
in Mandarin 2200 GMT 1 Jul 88

[Text] At the meeting attended by some 3,000 party-member cadres from various provincial-level organs on the afternoon of 1 July, Comrade Han Peixin delivered a report, conveying the main points of Comrade Zhao Ziyang's speech at the ninth meeting of the Political Bureau of the CPC Central Committee. Comrade Han Peixin aired his views on how party-member cadres should bring into full play their exemplary vanguard role. He called on cadres who are party members to unify their ideas, work hard with one heart and one mind, work together to overcome difficulties, and carry out the reform policy vigorously.

Han Peixin pointed out: The party committees in various provincial-level organs are organizing the broad masses of party members to develop all types of educational activities on the image and role of party members for the new period. These activities are timely and of great significance. As party members, all of us are responsible for preserving the image of the communists in the new stage and for giving full play to their exemplary vanguard role. Party members must be able to stand the test of power and of the endeavor in carrying out reform and opening to the outside world. Facing this test, most party members have remained sober-minded and imposed stringent demands on themselves according to the requirements set for communists. At the same time, we must also realize that there are indeed few party members, including some party-member cadres, who have failed to pass the test. They have abused their power to seek private ends, used public offices for private gains, lived in luxury, practiced fraud, extorted money, engaged in graft and embezzlement, and have been degenerate. All these are corrupt signs within the party, damaging the prestige of the party and Communist Party members among the people. We must deal with the handful of disqualified party members individually. In dealing with those who refuse to correct themselves after repeated education, we must advise them to withdraw from the party. We must resolutely expel the few degenerates from the party.

On the issue of how to bring into full play the party members' exemplary vanguard role, Han Peixin presented the following requirements:

1. At the crucial moment of reform, party members must pay less attention to their own interests.
2. Party and government organizations must remain honest in performing their official duties.
3. We must concentrate our efforts to carry out our work at present.

Gu Xiulian, Sun Han, Chen Huanyou, Sun Jiazheng, and other comrades also attended the meeting.

Economic Coordination Group Set Up in Shandong
OW1307013288 Beijing XINHUA in English
1158 GMT 12 Jul 88

[Text] Qingdao, July 12 (XINHUA)—A coordination group has been set up in Shandong Peninsula Economic Zone to help provincial government and party committees implement coastal economic development strategy.

The economic zone includes seven cities and 44 counties and districts in an area of 57,666 square kilometers or 37.6 percent of the provincial territory.

The group, which opened its office here today, is formed out of the need to promote the zone's export-oriented economy so as to bring along the development of the entire Shandong Province.

Shandong Peninsula is China's largest peninsula with its industrial and agricultural output value making up 55 percent of the provincial total.

The zone has trading relations with more than 100 countries and regions and the province relies largely on it for exports. Since 1984, 91 foreign-funded enterprises have been set up, involving a total foreign investment of 210 million U.S. dollars.

The group, based in the coastal city of Qingdao, is headed by Liu Peng, Qingdao party secretary and Standing Committee member of Shandong Provincial Communist Party Committee.

The group will also be in charge of development planning, drawing up economic regulations and preferential policies, promoting economic cooperation and helping improve investment environment.

Shandong Holds Meeting on Economic Cooperation
SK1207084988 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 9 Jul 88

[Text] On the morning of 9 July, the provincial party committee and people's government held a meeting at the Zhenzhuquan Auditorium in Jinan City. Those attending included cadres from provincial level commissions, offices, departments, and bureaus as well as from the units at or above the section level of higher educational institutions in Jinan City. The meeting was held to relay the work done by the province in observing and setting up economic cooperation with eight provinces and municipalities across the country.

Lu Maozeng, deputy secretary of the provincial party committee, presided over the meeting and delivered a speech. Tan Qinglian, vice governor, delivered a report at the meeting, in which he stated: In line with the unified arrangement made by the provincial party committee and the provincial people's government, the province successively organized four groups in charge of economic cooperation observation among the provinces

and cities in eastern, western, southern, and northern China. Comrade Zhao Zhihao led a group that observed the provinces of Henan, Shanxi, and Shaanxi; Comrade Liang Buting and Tan Qinglian did the same in Tianjin Municipality and Liaoning Province; Comrade Ma Shizhong observed Guangdong Province; and Comrade Jiang Chunyun, Li Chunting, and Zhang Jingtao observed Shanghai Municipality and Jiangsu Province. Through their visits, they learned about experiences that can be used for reference by our province in conducting reform, opening up to the outside world, and developing the economy, and unified the thinking of coastal areas with regard to uniting as one in opening up to the outside world and acting in unison with other areas in mutually developing an export-oriented economy. On this basis, the province put forward the principles of economic cooperation and technical coordination for coastal areas in which equality and mutual benefit are stressed, strong points are used for mutual supplement, honest and actual cooperation is stressed, unity is stressed in opening up to the outside world, and mutual development is upheld. The province also signed with the provinces and municipalities concerned summaries of talks on establishing long and stable cooperative and coordinated ties. The province along with the provinces of Henan, Shanxi, and Shaanxi put forward mutually the proposal of establishing a coordinated tie among province along the Huang He for building production bases. Along with Shanghai Municipality the province signed an agreement on protecting the legitimate rights and interests of enterprises covered by lateral economic association. Through talks held by the relevant departments, industries and trades, and cities of both sides, 280 agreements and letters of intent on economic cooperation, technical coordination, and personnel and material exchanges, were signed.

During the meeting, Tan Qinglian also delivered a report in which he stated; Through our visits and by bearing in mind the province's actual situation, we have discovered that there is still a gap between our province and our fraternal provinces in the boldness of developing basic industries, the speed of technical renovations, the readjustment of production and enterprise structures, the scale of urban construction, the development of the export-oriented economy, and the progress of conducting reform, opening up to the outside world, and developing the economy. We should do a good job in learning from others to improve the various types of work done by our province to a new standard.

In concluding his report Comrade Tan Qinglian stated: In currently developing an export-oriented economy, our province should enforce the measures of double opening and double steps and do a good job emphatically in grasping the following three tasks: 1) Efforts should be made to delegate power to enterprises in carrying out imports. At present, we have not delegated enough power to them and should emancipate minds to further delegate power to them. After power is delegated, enterprises will be allowed to maintain their old channels of

export and to open international markets independently. 2) Efforts should be made to size up the current international favorable circumstance, to actively introduce labor-intensive items, and to make efforts to import advanced technologies and equipment of the 1980's to meet the need of international markets. 3) A good job should be done in dealing with the cooperative and coordinated relationship between eastern and western Shandong. In enforcing the strategy of developing the coastal economy, we have put forward the principle of closely integrating the program of opening up on a large scale eastern Shandong to the outside world with that of developing western Shandong on a large scale and the principle of making use of opening up eastern Shandong to promote the development of western Shandong and vice versa. This is the strategy of enabling the province's economy to become harmonious and to develop in an overall manner. However, we still have the following problems at present: 1) Eastern areas have not discerned fully that it is very important for inland areas to achieve development in the province's program of opening up to the outside world. They still lack the sense of emergency in drawing support of inland areas and are still hesitating in this regard. 2) Western areas hold that the program of opening up to the outside world is to make the perfection of eastern areas even greater. Therefore, by paying no attention to objective reality, western areas announced their opening up policy, which was more preferential than that of eastern areas. 3) Some localities lack the concept of the situation as a whole and their indicators are the unreasonable flow of natural resources and the negative increase of export commodity procurement. The starting point in these phenomena may be good. However, judging from the province's situation as a whole, we must deal earnestly with this, unify our thinking, and formulate policies concerning cooperation between eastern and western areas.

The meeting also relayed the circular issued by the Shandong Provincial CPC Committee with regard to learning earnestly from fraternal provinces and municipalities and enhancing the technical coordination conducted with outside provinces and municipalities.

Shanghai Raises Funds on International Market
HK1207143188 Beijing CEI Database in English
12 Jul 88

[Text] Shanghai (CEI)—Shanghai has so far raised over 3 billion U.S. dollars in the international monetary market for its 355 projects including Shanghai subway and sewage disposal.

According to the municipality's Mayor Zhu Rongji, these projects involve a total investment of 3.48 billion U.S. dollars.

24 of the projects have or at least partly gone into operations and 10 have already paid back over 10 million U.S. dollars of loans.

Shanghai Mayor Reports on Economic Situation
OW1207225888 Shanghai City Service in Mandarin
2200 GMT 28 Jun 88

[Text] A course on understanding reforms clearly and upholding the party's basic line for cadres, organized by the Shanghai municipal party committee, started on 28 June. At the first session in the morning more than 2,000 cadres heard a report by Zhu Rongji, deputy secretary of the municipal party committee and mayor of Shanghai, on the present situation of reform and economic development in Shanghai. Yang Di, deputy secretary of the municipal party committee, presided over the session.

In his speech Zhu Rongji first told the participants about the tasks accomplished by the municipal government in the first half of this year. He said Shanghai's industrial production began an upturn in May. In particular, local state-run industries increased their output by 1.9 percent after 4 months of decline. He said the municipality's industrial output target might be overfulfilled this year, and revenue is expected to reach 15.3 billion yuan.

Touching on the supply and production of nonstaple foods, Zhu Rongji spoke highly of the peasants of the Hongqiao Township who established a vegetable market in Tianlin New Village, noting that this is the direction for restructuring the system of purchasing and marketing vegetables. He stressed that only by restructuring the purchasing and marketing system can we make it easier for the peasants to sell their vegetables, thereby resulting in lowering vegetable prices in the markets.

Touching on Shanghai's success in using foreign capital, promoting the integration of industry and commerce, and stimulating foreign trade, Zhu Rongji said since the beginning of this year more than 30 enterprises had been authorized to deal in export trade directly with foreign countries. The process of examining and approving (?investment) projects had also been quickened considerably. About 20 projects can be examined and approved now. This is 100 percent quicker than in the past. He said according to the estimate of relevant departments, Shanghai intends to borrow U.S.\$3.2 billion during the Seventh 5-Year Plan, and the city is able to repay all the foreign loans according to schedule.

In the second part of his speech Zhu Rongji discussed the reform situation next year and outlined Shanghai's policy for dealing with it. He held that the key lies in invigorating large and medium-sized enterprises and in speedily training a large number of entrepreneurs who meet the needs of developing a commodity economy and an export-led economy. To achieve this goal, it is necessary to step up the training of entrepreneurs and upgrade their status. Enterprises should introduce competition by hiring managers through public bidding. Enterprises may be merged, and outstanding plant managers should be awarded.

In the third part of his speech Zhu Rongji called on cadres at and above the bureau level throughout the municipality to do the following three things: First, they should emancipate their minds, take part in reform, and dare to take risks. Second, they should be clean and honest, work efficiently, and serve the people wholeheartedly. Third, they should delegate power to lower level units, go to the grass-roots units to strengthen supervision, and coordinate in solving their practical problems.

He said the municipal government scored good results in delegating power to ward and county governments in the first half of this year. He urged the various commissions, departments, and bureaus to delegate more power to enterprises.

Attending yesterday's report session were Zeng Qinghong, deputy secretary of the municipal party committee, and Chen Zili, member of the Standing Committee of the municipal party committee and director of the party committee's Propaganda Department.

CITIC Opens Shanghai Subsidiary Corporation
HK1207144388 Beijing CEI Database in English
12 Jul 88

[Text] Shanghai (CEI)—The China International Trust and Investment Corporation (CITIC) opened a new subordinate corporation in Shanghai, the largest industrial city in China recently.

Named as CITIC Shanghai Corp, its registered capital is 100 million yuan, including 5 million U.S. dollars.

It mainly deals in investing, financing, investment loaning in currencies of both Chinese RMB [renminbi] and foreign currencies. It also handles trade, real estate and consulting businesses.

Export Economy, Tourism Develop Well in Zhejiang
OW1207204688 Hangzhou Zhejiang Provincial Service
in Mandarin 0900 GMT 10 Jul 88

[Text] An export-oriented economy has developed well in Zhejiang, due to its dedication to developing exports and engaging in trade intelligently. Exports to Japan, the United States, Hong Kong, and Macao all increased. The value of exports in the first 5 months of this year amounted to \$560 million, up 22.6 percent from the same period last year. The growth rate was higher than the nation's average.

In addition, Zhejiang also made relatively great strides in absorbing foreign investment; establishing wholly foreign-owned enterprises, Sino-foreign joint ventures, and Sino-foreign contractual joint ventures; and developing three forms of import processing and compensation

trade. According to newly signed contracts and agreements, foreign capital amounting to \$36.8 million will be used by productive enterprises. This will benefit the production of commodities.

Zhejiang also contracts for engineering projects for, and offers labor service, to the U.S., Japan, West Germany, Iraq, Morocco, Kuwait, Fiji, Australia, and other regions. Some 1,600 people from the province are working outside China. They have contributed to not only a turnover of some \$6.7 million but also Zhejiang's economic and technological cooperation and exchanges with foreign countries.

With the opening to the outside world and the development of the export-oriented economy, some key tourist cities like Hangzhou, Ningbo, and Wenzhou have attracted 75,000 international travellers in the first 5 months of this year, earning more than 54 million yuan of foreign exchange, up 76.9 percent from the same period last year.

Central-South Region

Guangdong Development Zone Expanded *HK1207140788 Beijing CEI Database in English* 12 Jul 88

[Text] Beijing (CEI)—The Chinese State Council has recently approved the expansion of economic development zones of Guangdong Province.

These zones include:

Maoming City and Dianbai, Huazhou Counties under the jurisdiction of Maoming City;

Zhaoqing City and Gaoyao, Sihui and Guangning Counties under the jurisdiction of Zhaoqing City;

Huizhou City and Huiyang, Huidong and Boluo Counties under the jurisdiction of Huizhou City;

Shanwei City and Haifeng, Lufeng and Luhe Counties under the jurisdiction of Shanwei City;

Yangjiang City and Yangxi, Yangchuan Counties under the jurisdiction of Yangjiang City;

Qingyuan City;

Huaxian and Conghua Counties under the jurisdiction of Guangzhou Municipality;

Lianjiang, Haikang, Wuchuan, Suixi and Xuwen Counties under the jurisdiction of Zhanjiang City;

Chaozhou City and Chenghai, Huilai, Raoping, Puning, Nanao, Jieyang, Chaoyang and Jiexi Counties under the jurisdiction of Shantou City.

Guangdong Urges Strict Power Conservation *HK1207043788 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 12 Jul 88*

[Text] The provincial government issued an urgent circular on 9 July on strictly consuming electric power according to plan. The circular called on all localities to improve the management and allocation of electric power and strive to economize power. The circular made the following demands:

1. All cities must follow strictly the power consumption plan transmitted by the provincial authorities and must not exceed it. It is essential to ensure the key points and give priority to key units such as ports, wharves, and transport stations. It is necessary to make proper arrangements for lighting in densely populated urban areas and for the production of important materials used in summer reaping and sowing.

2. It is necessary to get a good grasp of power consumption at off-peak hours by readjusting shift times and rotational rest days rationally and encouraging power consumption at night. We must strictly control the use of air conditioners and neon lighting.

3. All localities must actively organize fuel for power generation and put all local diesel generator sets into operation, in an effort to generate more, operate at full load, and ease the power shortage.

Guangdong's Shenzhen Surpasses First-Half Quotas *OW1107225588 Beijing XINHUA in English* 1428 GMT 11 Jul 88

[Text] Shenzhen, July 11 (XINHUA)—Shenzhen, one of China's special economic zones, has already beat the zone's first-half quotas.

During the first half of this year the city's industrial output value hit 3.567 billion yuan (964 million U.S. dollars); retail sales were listed at 2.281 billion yuan (617 million U.S. dollars); investment used in capital construction was 1.138 billion yuan (308 million U.S. dollars); and revenue within the budget climbed to 595 million [words indistinct] U.S. dollars).

In a bid to pull in more foreign investment, during the same period, the city signed 166 agreements and contracts worth 660 million yuan [words indistinct] million U.S. dollars) with enterprises inland, which were increases of 270 percent and 1,300 percent respectively over the same period last year.

The zone's output value for industrial goods exported during the first half of 1988 was up 55.8 percent over the same 1987 period and accounted for 50.9 percent of city's total industrial output during the same period.

According to statistics from Kowloon customs, Shenzhen exported 1.353 billion U.S. dollars worth of goods during the first half of this year, which was an increase of 86.3 percent over the same 1987 period.

Shenzhen Establishes New Judicial Bodies
OW1207152688 Beijing XINHUA in English
1501 GMT 12 Jul 88

[Text] Shenzhen, July 12 (XINHUA)—The Shenzhen City Intermediate People's Court today announced that it has set up three new judicial bodies to hear and adjudicate on commercial disputes.

At a news briefing here today, Wang Changying, president of the court, said that the new bodies will ease the present burden on the intermediate court, simplify the procedure of law suits and raise work efficiency.

One of the new bodies, the Mediating Center for Economic Disputes, will handle commercial disputes whatever the sum of money at issue. Previously, the intermediate court only handled cases involving at least 1.5 million yuan.

The center will be empowered to issue "mediating reports" which will be binding on the parties to the dispute.

A commercial court has also been set up which will deal solely with commercial disputes involving foreign-funded enterprises.

According to Wang, about one-third of the 700 commercial cases which came before the intermediate court in the first six months of this year involved foreign-invested enterprises.

The new court will make the filing and hearing of legal disputes easier and will enable judges to perfect their special skills on international law, Wang said.

Wang said that an appeals court will also be established.

Guangdong City Elects New Leader for Shantou SEZ
HK1307054888 Beijing ZHONGGUO XINWEN
SHE in Chinese 0929 GMT 11 Jul 88

[Report: "Shantou City, Guangdong Province, Elects New Director for the Administrative Committee of the Shantou Special Economic Zone"]

[Text] Shantou, 11 Jul (ZHONGGUO XINWEN SHE)—Wu Bo, former vice mayor of Shantou City, was recently elected to be director of the administrative committee of the Shantou Special Economic Zone [SEZ].

Wu Bo, 53, was born in Jieyang County, Guangdong Province. He began to work with the Shantou Prefectural CPC Committee, SHANTOU RIBAO, and the Shantou City CPC Committee in 1961. In July 1986, he was elected vice mayor of Shantou in charge of rural work.

Liu Feng, former director of the administrative committee of the Shantou Special Economic Zone, was elected chairman of the Shantou City CPPCC Committee at the first session of the seventh city CPPCC Committee.

Guangxi Chairman Speaks on Foreign Trade Reforms
HK1207054888 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 10 Jul 88

[Excerpts] At a regional meeting of prefectural commissioners, mayors and county magistrates, regional government Chairman Wei Chunshu delivered a speech on some problems relating to reforms of foreign trade which were raised through consultation and dialogue, noting that it is necessary to approach seriously the problems we are facing and strive to create a new situation in our region's foreign trade.

In his speech, Chairman Wei Chunshu first pointed out the importance of reforming the foreign trade structure. He said that 6 months have passed since our region started reforming the foreign trade structure. Making the restructuring of foreign trade a success and working hard to promote foreign trade is an important move to implement the central strategy of developing the coastal economy. To achieve it, we must take vigorous measures and make steady progress, but we should neither draw back nor advance blindly.

He pointed out: The restructuring of foreign trade is very complex and deals with a wide range of work, and all contradictions and opinions reflect coherently that our price reform is yet to be put in order and the problem relating to responsibility, power and interests has not been solved. To counter problems existing in the current foreign trade structure and associated operations, he said, participants in the meeting spoke their minds freely, raised problems and laid bare the contradictions through consultation and dialogue. This method is quite ideal because it has communicated the higher and lower levels, increased the visibility in policies and professional knowledge, cleared up misunderstanding and solved practical problems.

In view of problems appearing in the regional work of restructuring foreign trade in the first half of the year, Chairman Wei Chunshu stressed: We should see not only the difficulties we are facing but also the advantages we have. [passage omitted]

Referring to the practical problems that all localities are concerned about and solutions to them, Chairman Wei stressed the following points: The problem concerning pricing and making up for deficits should be solved properly. We must support import with export. Those

who need foreign exchange should try their best to make up the deficit. Last year it was the region which wiped out all foreign trade deficits. Meanwhile, it is necessary to tighten controls over prices of commodities and add production charges and regulatory charges to foreign commodities. Bulling the market is not allowed. The regional import and export companies of different types as well as prefectures and cities should continue to improve their associated operations and persist in doing so. This year's task of earning U.S.\$560 million and striving for U.S.\$660 million should be fulfilled resolutely. They should also pay special attention to the building of export commodity bases by increasing investment for their sustained growth. After the power in operation of foreign trade is delegated to the low levels, coordination should be strengthened and economic means should be employed to guide its development in an effort to turn individual advantages into collective advantages and give full scope to the integral advantages. Meanwhile, competition of export commodities should be enhanced. [passage omitted]

Chairman Wei Chunshu said in conclusion: Reforms of the foreign trade structure have entered a crucial stage. All departments and units of the whole region should seek unity in thinking, work with one heart and one mind, earnestly approach and solve problems arising in the restructuring of foreign trade, overcome difficulties to make it through this difficult time, strive to fulfill this year's export tasks, and stimulate reforms of our region's foreign trade structure.

Guangxi Congress Standing Committee Meeting Held
HK1307011888 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 11 Jul 88

[Excerpts] The fourth meeting of the seventh regional People's Congress Standing Committee started in Nanning this morning. Committee Chairman Gan Ku presided over the meeting. [passage omitted]

Speaking on the development of the region's sugar industry, Zhao Weichen, vice chairman of the regional people's government, said: While the sugar output is dropping in the whole country, the situation in our region's sugar production is better than other places. Especially since the 3d Session of the 11th CPC Central Committee, the sugar industry in our region has developed relatively fast. During the period between 1986 and 1987, the sugar output of our region increased by 485 percent over the period between 1977 and 1978. [passage omitted]

The regional Justice Department Director (He Jiadang) pointed out in his speech: Much has been achieved in making education in legality universal in the whole region. Of the more than 28 million people who are eligible for the education, those who have started studying the legal system stand at 47.8 percent. But, the task remains very hard and there are numerous difficulties. For example, some areas and units fail to pay

adequate attention to legal education and, what is worse, some leading groups and offices for making education in legality universal were even disbanded. [passage omitted]

When speaking about the region's 1987 final accounts and the implementation of the financial budget between January and June of this year, the regional Financial Department Director (Wei Dinghuan) pointed out: The region's 1987 fiscal year budget was balanced. Both budgetary revenues and expenditures increased by a big margin and there was a fiscal balance with little surplus. The budgetary revenues amounted to 5.88 billion yuan and the budgetary expenditures came to 5.11 billion yuan, thus a total of more than 710 million yuan is left to be used for special purposes in the next half of the year. He continued: The region's budgetary revenues between January and June of this year exceeded 1.53 billion yuan, making up for 50.5 percent of the fiscal budget, and representing an increase of 16.5 percent over the corresponding period of last year. The region's budgetary expenditures during the period were over 2.23 billion yuan, accounting for 57.3 percent of the fiscal budget and registering a 29.2 percent increase over the corresponding period in 1987. [passage omitted]

Southwest Region

Guizhou CPC Meeting Discusses Current Issues
HK1307014388 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 12 Jul 88

[Excerpts] The Guizhou Provincial CPC Committee held a meeting of prefectural and city party committee secretaries from 8 to 12 July. The meeting was conducted to study seriously Comrade Zhao Ziyang's speech at the ninth meeting of the CPC Central Committee Political Bureau and to discuss the provincial economic and political situation and price reforms.

The meeting held that Comrade Zhao Ziyang's speech on gradually establishing a new order of socialist commodity economy outlined many new problems currently facing reform and construction in China. It is an important ideological weapon for unifying our thinking and steps and working in concert to traverse the difficult pass together. It is of major guiding significance for gaining a clear picture of the current situation and the orientation for reform, strengthening ideological and political work, keeping the party and government organs free from corruption, and gradually establishing a new order of socialist commodity economy.

Comrade Zhao Ziyang's scientific analysis of the situation in the whole country is also applicable to Guizhou. Generally speaking, the situation in the province can be summarized in three phrases: The reforms are deepening, the economy is registering sustained and steady development, and political stability and unity are being maintained. [passage omitted] Despite price increases, serious drought, and power shortage, the province's industrial output value from January to May rose by

13.7 percent compared with the same period last year, while local financial revenue rose by 16 percent, and summer grain production is expected to show a rise of over 10 percent over last year.

The meeting pointed out that while affirming the good aspects of the situation, we must squarely face the existing problems and difficulties, especially the rising prices. We must attach great importance to this problem. Another problem is that the gap between the economic growth rate in the province and that of the whole country is continuing to widen. In particular, the development of collective economy, including that in the urban areas, and of township-run industry lags far behind the country as a whole. We must face these difficulties correctly. [passage omitted]

The meeting held that now is the time to summon up the determination to resolve the price and wage problems. While understanding fully the necessity and urgency of reforms of prices and so on, the meeting also realized clearly the difficulty and complexity of these reforms, which must be carried out in a planned and measured way. We must uphold the people's interests while carrying out the reforms, and ensure that the real income of the great majority of people will not decline and that the increase in their incomes will be slightly higher than the rise in prices. We must also continually improve enterprise economic returns so as to step up financial support for the reforms.

In order to be ready for the coordinated price and wage reforms in the next stage, it is essential to lay a relatively good ideological foundation and create a relatively good economic environment and a stable political environment. We must organize the leading cadres to study Comrade Zhao Ziyang's speech so as to unify their understanding and enhance awareness of reforms. We must correctly handle the relationship between reforms, development, and economic stability; we should speed up economic development under the premise of improving economic returns. We must persevere in grasping reforms and opening up with one hand and ideological and political work with the other and strive to form a new pattern beneficial to improving ideological and political work. We must also sharply raise the question of keeping the party and state organs free of corruption. [passage omitted]

Hu Jintao, secretary of the provincial party committee; Wang Chaowen, Liu Zhengwei, Ding Tingmo, and Long Zhiyi, deputy secretaries; Su Gang, chairman of the provincial Advisory Commission; Miao Chunting, chairman of the provincial CPPCC; and Liu Hanzhen, secretary of the provincial Discipline Inspection Commission, were seated on the conference presidium. [passage omitted]

Sichuan CPC Secretary on Defense Education
OW1207215488 Beijing XINHUA Domestic Service
in Chinese 1150 GMT 1 Jul 88

[By reporter Nie Nianxin]

[Text] Chengdu, 1 Jul (XINHUA)—At Sichuan's first discussion meeting on defense education which concluded not long ago, Yang Rudai, member of the Political Bureau of the CPC Central Committee and secretary of the Sichuan Provincial CPC Committee, delivered a speech. He said that in strengthening defense education among the people in the whole country, it is necessary to strengthen defense education among leading cadres at all levels, especially those at the intermediate and high levels.

Yang Rudai said: As far as the structure of the leading cadres is concerned, most of leading cadres at the city and prefectural levels in the province have no experience in war. A peaceful environment over a protracted period of time has dulled some comrades' sense of national defense. They have not paid enough attention to the need to strengthen national defense. They require more education to raise their level of awareness on national defense. As seen from leading cadres' fields of knowledge, most of them have experience in doing economic and management work, while they only have limited knowledge on defense policies. They must broaden their knowledge and improve their skills by receiving more education on national defense. As far as leading cadres' status and responsibilities are concerned, they are organizers and decision makers for economic construction. They should master some specific concepts on national defense and broaden their military knowledge in order to link economic and social results with the future war against aggression. On the other hand, leading cadres are also the organizers and policy makers in carrying out defense education. Only by strengthening their concepts on national defense can they carry out defense education among all the people throughout the country extensively and in a sustained manner.

Yang Rudai pointed out: Defense education among leading cadres should be of a higher level. In addition to studying the theories, the history, the common knowledge, the spirit, the legal system, the science and technology and sports for national defense, leading cadres must pay particular attention to the study of the strategic thought and principle in the development of national defense; to understand and handle correctly the relations between economic construction and national defense; and to familiarize themselves with ways to mobilize and organize people during wartime. In the meantime, it is essential to organize and educate citizens to consciously fulfill their obligations for national defense; respect and cherish the People's Army; help build the reserve forces for national defense; and firmly implement the policy of giving special care to disabled servicemen and to family members of revolutionary martyrs and servicemen.

Yang Rudai pointed out: Defense education for leading cadres must be comprehensive with emphasis on the essential points. Education must be carried out in the following manner: 1) Defense education should be offered by various party schools to train leading cadres in an organized and planned manner. 2) Forums for defense education should be held, and Army leaders and military experts invited to give reports and lectures on defense theories and strategies. 3) Leading cadres should be organized to conduct academic studies and discussions in order to increase their understanding of theories for national defense. 4) Efforts must be made to conduct checkups on and give guidance to militia work. Leading cadres must take part in various necessary military training activities and familiarize themselves with military work and the current situation in national defense.

Sichuan City Expecting Production Cutbacks
HK1207143788 Beijing CEI Database in English
12 Jul 88

[Text] Chongqing (CEI)—Total industrial output value in Chongqing, the largest industrial city in southwest China, reached 8.6 billion yuan in the first half of the year, up 19.4 percent over the same period last year, according to the local statistical bureau.

The figure in June was 1.7 billion yuan, an increase of 11.44 percent and 20.26 percent over last May and the same period last year respectively.

Statistics show that the industrial city is confronted with a strain in the supply of energy, raw materials and transportation which may affect production in the second half of the year.

Tibet Releases 52 Monks, Nuns Involved in Riot
HK1207160088 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 12 Jul 88

[Text] Fifty-two Buddhist monks and nuns who were kept in custody for investigation during the 5 March Riot Incident were accorded lenient treatment, or in other words, were released by the Lhasa city public security bureau on the afternoon of 11 July.

All these monks and nuns participated in the 5 March riot. Since they were taken into custody, the public security organ has investigated their cases carefully and verified their criminal activities. The public security bureau has found that their cases are less serious. Most of them have confessed their crimes, some have even informed against other criminals and thus made contributions to the investigation. In this connection, the regional and Lhasa city political and legal organs, after making a careful study, decided not to prosecute these monks and nuns, have released them from custody, and have given them lenient treatment, in accordance with the relevant stipulations of the PRC Criminal Law and the policy of leniency toward those who confess their crimes and severity toward those who refuse to do so.

(Yuan Chengquan), deputy director of the Lhasa City Public Security Bureau, said during a ceremony for the release of these monks and nuns: In order to safeguard the unification of the motherland and the solidarity among all nationalities in this country, in order to maintain social order and defend national security and the people's lives and properties, we had to resolutely and sternly deal blows at a small number of elements who attempted to disrupt the motherland and undermine nationality solidarity and all kinds of elements who were involved in serious criminal activities in the past, and we must do the same now and in the future. At the same time, we will practice a policy of educating and reforming those who have gone astray and providing them with an opportunity to atone for their crimes. Warning a handful of splittists who are still obstinately sticking to their wrong course, (Yuan Chengquan) pointed out that as their only way out, they must have a clear picture of the situation and stop all criminal activities aimed at disrupting the motherland and undermining nationality solidarity; otherwise they will certainly reap what they have sown, being punished severely by the law.

PLA Truckers Help Supply Remote Tibet Area
OW1307000988 Beijing XINHUA in English
0634 GMT 12 Jul 88

["News feature: Army Truck Fleet Delivers Help to World's Roof"—XINHUA headline]

[TEXT] Xining, July 12 (XINHUA)—When Tibetans refer to the steep and oxygen-poor Tanggula Range on the Qinghai-Tibet Plateau, they always say that is "a place even Buddha shuns".

But a motorcade of the People's Liberation Army (PLA), which has worked for more than 30 years on the Qinghai-Tibet Highway, has to traverse the range, 5,300 meters above sea level, 20 times a year in order to deliver goods from the interior areas to the Tibet Autonomous Region.

Over the past 30 years, the PLA men have traveled a total of 1.8 billion km to deliver millions of tons of goods to Tibet to help promote the region's economy.

Drivers have to brave all difficulties including the treacherous climate to deliver the goods, said Wang Manzhou, an officer in charge of the 12,000-member fleet.

Last month, a snowstorm hit the Tanggula Range and 1,500 trucks loaded with materials for Tibet were stranded in the 1-meter-deep snow. Others soon rushed to help and all trucks went on with their journey, but 100 of the rescuers fainted owing to the lack of oxygen.

"This was just one of the incidents that often occur on the Qinghai-Tibet Plateau," said Wang. He cited another incident in which the Army's 2,000 trucks rescued thousands of snow-stranded Tibetans, delivered food and fuel to herdsmen and saved 100,000 head of livestock.

To ensure safe travel along the highway, the Army has built 17 inns along the route, which has a mean annual temperature of 5 degrees below zero centigrade. Over the past 2 years, 12,000 foreign tourists have traversed the route.

To help boost Tibet's economy, the Army has also built other facilities on the highway. They have laid a 1,080-km oil pipeline from Golmud in Qinghai to Tibet's capital of Lhasa, paralleling the Qinghai-Tibet Highway.

To date, the pipeline has delivered some 10 million bbl of oil to Tibet and 400 million yuan has been saved in transportation expenses. "We will never forget the 136 soldiers and engineers who laid down their lives building the line," Wang said.

To ensure the annual transportation of 500,000 tons of goods to Tibet, the Army motorcade has also helped local Tibetans set up a fleet of trucks. Now, some 4,000 trucks, including private ones, are running on the Qinghai-Tibet Highway, delivering 2,000 tons of goods to Tibet every day.

Yunnan Projects Develop With World Bank Loans
HK1207140388 Beijing CEI Database in English
12 Jul 88

[Text] Kunming (CEI)—Yunnan Province has used World Bank loans in developing rubber, tea, fruit, animal husbandry and poultry cultivation in rural areas.

Yunnan Province began using 48 million U.S. dollars (178 million yuan) in loans from the World Bank this year. With this and the country's agriculture loans the province's total investment in agriculture has amounted to 356 million yuan.

By using the loans, Yunnan has been helping the prefectures of Baoshan, Lincang, Simao, Qujing and Dai-Jingpo Autonomous Prefecture of Dehong and Dai Autonomous Prefecture of Xishuangbanna develop economic crops, domestic animals and poultry cultivation and processing of agricultural products.

By the end of June, the province had approved 116 items with investment totalling 92.64 million yuan. Lincang, Baoshan and Simao Prefectures have set up fine tea strain cultivation farms for upgrading tea production.

North Region

Beijing Secretary Attends Meeting on Honesty
SK1207090388 Beijing BEIJING RIBAO
in Chinese 22 Jun 88 p 1

[Excerpt] "During the crucial moment of reform, Communist Party members, particularly party members of leading organs, must play a vanguard and exemplary role; withstand the test of ruling the party, reform, and opening up; and work with one heart and one mind to overcome difficulties in price and wage reforms." This point was stressed by Li Ximing, secretary of the municipal party committee, at yesterday's work meeting of work committees of the organs directly under the municipal party committee.

Comrade Li Ximing said: Reform has a history of nearly 10 years and has scored tremendous achievements. The difficulties of the current price and wage reforms are much greater than the past. There will be many risks. Undertaking the reform risks and overcoming difficulties in reform are the tasks that history has entrusted to the party and government, to all party organizations, party members, and the masses. Communist Party members must have a spiritual pillar to support them so that their reform conviction will not waver and that they will consider themselves dutybound to invigorate China and realize the four modernizations drive. Organs directly under the municipal party committee should lead the whole municipality and become highly efficient and honest leading organs that maintain ties with the masses and support reform resolutely.

Comrade Li Ximing pointed out: The party work of leading organs must not be managed shoddily. It is necessary to exert efforts to do the party work of one's own organ and department well. Party organizations of organs should have the courage to exercise inner party supervision. In the municipal party committee, we must first supervise our secretary, members of the Standing Committee, and all department directors; criticize and investigate them if necessary; and must not worry and feel embarrassed to do so. Those who are criticized must not feel that they have stirred up a hornets' nest and cannot stand the criticism. Only thus can we foster the good habit of criticism and self-criticism. Secretaries of the party committees, members of the Standing Committees and department directors must take the lead in reforming the ideological and political work methods, a must not get used to the same old story. We must purposefully conduct lively and effective ideological and political work. Meanwhile, we must strengthen education on the party's discipline. Without strict discipline, it is impossible for party organizations to have an indomitable fighting strength. The wages of office cadres are comparatively low. However, they must have the spirit of putting other people's interest ahead of their own, persist in a correct orientation and be capable of standing the test of stormy waves.

Comrade Li Ximing said: If we do a good job in building the party of the organs directly under the municipal party committee during reform, we will be able to promote the party building of all trades and professions throughout the municipality and to guarantee the smooth progress of reform and opening up.

Li Qiyang, deputy secretary of the municipal party committee, and Yuan Liben, member of the Standing Committee of the municipal party committee, also addressed the meeting. [passage omitted]

Beijing Graduates Fail To Meet Employers' Needs
OW1207085988 Beijing XINHUA in English
0707 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—A big gap has become apparent between graduates' majors and employers' needs this year in Beijing. According to an official from the Beijing Educational Bureau of Higher Learning, about 2,000 graduates majoring in finance and accounting are needed this year from the China People's University which is noted for its economic management courses, yet the university could only supply 38.

Graduates from the elite Beijing University and Qinghua University are favored by the more than 1,000 units across the country. Some employers in coastal cities claim that they like to take as many graduates as possible from the two universities regardless of majors or sex.

About 1,600 graduates are going to continue their studies at the two universities. Beijing and Qinghua Universities have about 1,300 graduates each looking for jobs this year, 1.1 times more than the number in 1981, four years after the national examination system was resumed.

The official said university and college graduates majoring in engineering, science, chemistry, electronics, computer software and applied math are the most sought after candidates for employment this year.

Graduates from the departments of English, Japanese, library science, information science, international economy, economic law, Chinese literature and economic management are expected to find jobs easily, while those from departments of religion, history and classical literature are less in demand.

This year there are more than 26,000 graduates from Beijing's 75 universities and colleges. It is learned that this year's state assignment of jobs to college graduates will be done in a planned way. Priority will be given to energy, transportation and communications departments, important enterprises, coastal cities, special economic zones and cities with fairly well developed economies, as well as remote cities.

For the first time, 328 Beijing University graduates have been assigned to work in enterprises. Some 40 percent of Beijing University graduates have been assigned to state departments and Beijing Municipality, and 60 percent are to return to work in their home areas.

A survey among the graduates before they met their employers showed that 70 percent of the students wanted to work in state and government departments, scientific research institutions, or universities and colleges of higher learning. But after employment interviews the students became more practical. Many students came to realize that they could display their talents fully in factories, enterprises and grassroots units, as well as get higher pay and better welfare benefits.

So far, half of the Qinghua University graduates have chosen state-run iron and steel plants, petrochemical companies, motor vehicle plants and nuclear power station instead of government departments. The remaining graduates have been assigned to province- and city-run enterprises. Only 30 percent of the students have been assigned to central government departments and Beijing Municipality.

However, more than 1,000 graduates have refused state assignments for jobs with better pay and housing facilities.

"There will be no problem for university graduates from Beijing finding jobs, provided they are not too choosy," the official added.

He said that last year Beijing trained 80,000 managerial personnel through adult education, which he maintained had also affected the number of assignments of university and college graduates this year.

Hebei Secretary Discusses Political Work
SK1207231888 Shijiazhuang HEBEI RIBAO
in Chinese 19 Jun 88 p 1

[Text] Recently at the Hebei Machinery and Electronic Institute, Xing Chongzhi, secretary of the provincial party committee; Li Wenshan, deputy secretary of the provincial party committee; Liu Ronghui, Standing Committee member and Propaganda Department director of the provincial party committee; and Zhou Zhihua, deputy director and leading party group secretary of the provincial Education Commission, held a discussion with the party committee secretaries of seven schools of higher learning on the current endeavor to reform and strengthen the ideological and political work of the schools of higher learning. Shen Zhifeng, deputy secretary of the Shijiazhuang City CPC Committee, also attended.

At the beginning, party committee secretaries of the seven schools of higher learning gave reports on the current ideological and political work for students to the provincial party committee leaders. They held: Thanks to their participation in social practice over the past few

years, the teachers, students, administrative personnel, and workers of provincial schools of higher learning have witnessed with their own eyes the achievements in reform and opening up that our country scored in the past 9 years, and that attracted worldwide attention, and have achieved a fairly correct understanding of reform and opening up. Meanwhile, some problems and difficulties arising in the process of reform when the new systems are replacing the old, the unhealthy trends existing in society, and the bureaucracy and corruption of some personnel of party and state organs have aroused different ideological reflections among students. To strengthen further and be successful in their ideological and political work, the various schools of higher learning have adopted or are adopting various measures to intensify the ideological education and control over students.

The discussion was vigorous and animated. The participants aired their views freely, introduced their situations, exchanged their ideas, and raised some suggestions and issues that merited great attention. Xing Chongzhi, Li Wenshan, and Liu Ronghui, spoke at the discussion meeting. Comrade Li Wenshan said: Generally speaking, the ideological and political work of universities has been strengthened and promoted continuously, and the mental outlook of the teachers and students is good. Speaking on how to further reform and strengthen the ideological and political work of the schools of higher learning in the future, he said: The ideological and political work of the schools of higher learning should be strengthened and reformed not only in the forms and methods but also in concepts. It is imperative to exchange ideas on an equal basis, and to communicate ideas in a harmonious manner.

Comrade Xing Chongzhi emphasized: The ideological and political work of the schools of higher learning should be reformed through the efforts to strengthen it. After more than 9 years of efforts, the reform of our country has entered a key stage. In this period, ideological and political work is particularly important. We should continue to introduce the general situation of the country, the actual situation, to the teachers and students instead of speaking to them in a bureaucratic manner. Problems that have taken shape for several decades cannot be solved overnight. It takes time to solve them. We should pay attention to studying and mastering the law governing ideological and political work so that ideological and political work can counter problems more effectively. We should stress the methods for carrying out ideological and political work, respect the people, and treat them with an equal attitude. We should hold discussions with the people on an equal basis, and give them correct guidance so that they can bear it in mind. Through strong and effective ideological and political work, we should enable the students to conduct study with high enthusiasm, and become qualified personnel with both political integrity and ability for the four modernizations after graduation.

Hebei Governor Discusses Economic Development
SK1207092788 Shijiazhuang HEBEI RIBAO
in Chinese 18 Jun 88 p 1

[Text] At the forum of prefectural commissioners and city mayors held at the Hebei Hotel in Beijing on the afternoon of 17 June, Yue Qifeng, governor of Hebei Province, called on leaders at all levels to keep abreast of the demand of the current situation in economic development and construction; to further emancipate their minds and deepen reform with the purpose of promoting the development of productive forces; and to open wider to the outside world and accelerate economic development.

With regard to the work of opening our province to the outside world, Yue Qifeng demanded that attention should be paid to improving such tangible conditions as the investment climate and infrastructure, while intangible conditions should not be neglected either. By improving intangible conditions we mean further emancipating our minds, strengthening the sense of opening to the outside world, establishing a set of highly efficient and more qualified organs, and solving the problem of squabbling. We should improve the investment climate and expand exports in a simultaneous manner, and should not wait until the climate is improved before we start expanding exports. When establishing friendly ties with foreign cities, we should place emphasis on substantive exchanges; otherwise, the friendly ties will not last long. We should pay equal attention to cooperation within and outside the province, and should not neglect cooperation within the province. In this regard, much should be done. The provincial authorities plan to hold trade talks for cooperation within the province. In building the coastal open zone, we should pay attention to strengthening the border trade. With good conditions and sufficient goods resources, our province should not lose this beneficial opportunity.

Yue Qifeng said: We should dare to be good at utilizing foreign and domestic funds to conduct liability business. In developing economic construction, we should have courage and boldness of vision. Both industrial and agricultural departments have had good typical examples in this regard, such as the renovation of the Second Shijiazhuang City Pharmaceutical Plant and the Quzhou saline-alkali land.

Yue Qifeng expressed hope that all prefectures and cities would make full utilization of Qinhuangdao City which is a "showcase" of opening up. Departments concerned should positively organize, and should, if necessary, adopt the method of combining voluntary participation with administrative involvement to build projects in the development zone.

With regard to the building of enterprise groups, Yue Qifeng said: In our province, there are not many enterprise groups that affect the national markets. Therefore, the superior trades and leading enterprises of our province, such as the Huabei Pharmaceutical Plant and the

Yaohua Glass Plant, should depend on their own efforts to create enterprise groups which affect the national markets; and should strive to occupy even greater markets in order to create an even greater superiority of our province.

Vice Governor Ye Liansong expressed the hope that all prefectures and cities would seize this opportunity to accelerate the pace of opening up, and to formulate plans in line with their specific situation. They should also establish a bank of projects, and organize an effective contingent to develop these projects, with emphasis on key construction projects. In developing an export-oriented economy, we should strive to export more products and earn more foreign exchange; should import advanced technologies from abroad; should successfully run the Chinese-foreign joint ventures, the cooperative enterprises, and the foreign-funded enterprises, as well as the enterprises engaging in the processing of products with materials provided from abroad, the processing of goods with patterns supplied by foreign customers, the assembly of imported materials, and compensatory trade; and should fully win over international loans and the loans of foreign governments.

Inner Mongolia Official Speaks on Economic Reform
SK1207093388 Hohhot NEIMENGGU RIBAO
in Chinese 22 Jun 88 p 1

[Excerpts] The autonomous regional party committee held a meeting of responsible persons from various departments and units under the regional level organs on the afternoon of 21 June, at which Bu He, deputy secretary of the autonomous regional party committee and chairman of the regional people's government, delivered a report to describe his personal understanding gained in studying the spirit of the Ninth Plenary Session of the CPC Central Committee's Political Bureau and to make arrangements for tasks which should be grasped emphatically by the region as a whole. In his report he urged leading organs and cadres at all levels and the people of various nationalities to study earnestly and master deeply the spirit of the central authorities, to unify their thinking and step, and to unite as one to further push forward the region's programs of conducting reform and carrying out economic construction.

In his report Bu He stated: At present, our country's drive to conduct reform has entered a crucial stage in which the old order of the product economy must be destroyed and a new order for developing the commodity economy should be established. At this crucial moment, the CPC Central Committee has put forward resolutely the slogan on establishing a new order for developing the commodity economy by displaying its uncommon courage and has been determined to deal with some knotty problems with a high degree of difficulty, which cannot be avoided. The CPC Central Committee has given deep consideration and careful planning before issuing such an important policy decision. Through practice and exploration conducted over the

past few years, our country has proven that knotty problems cropping up in the drive to conduct reform cannot be avoided in the process. Therefore, by no means should we adopt an evasive attitude toward them and apply a method of treating the symptoms but not the disease. It is imperative for us to launch the general war of storming the heavily fortified positions when our conditions are ripe so as to fundamentally deal with them.

In his report Bu He stated: In establishing a new order for developing the commodity economy, a current core issue is to do a good job in conducting reforms in prices and handling the knotty problems cropping up in the reform of economic systems. Price problems are quite complicated, and are connected with production and commodity circulation on the one hand and with wages and consumption on the other. Therefore, a slight move in one area may affect the whole. In conducting reform in commodity prices, we indeed have to take great risks. [passage omitted]

In his report he stated: The issue is connected closely with that of commodity prices. In order to actively straighten out commodity prices, it is imperative to deal relatively well with the problem of wages. Through reforms in the price and wage systems, we should not only straighten out the relationship to promote production development but also enable the majority of the masses to gradually upgrade their living standard. [passage omitted]

In his report he stated: In establishing a new order for developing the commodity economy, it is imperative to have a stable social circumstance to ensure the smooth progress of conducting reforms and opening up to the outside world. [passage omitted]

In his report Bu He stated: In facing new situation and tasks, on what can we depend in overcoming these difficulties? How can we ensure that the region can establish its new order for developing the commodity economy? The answers to these questions are as follows: First, we should depend on the correct policy decisions and adequate arrangements made by the CPC Central Committee and the State Council. Second, we should depend on the thoroughgoing, painstaking, and effective work done by the autonomous regional party committee, the regional people's government, and the leading organs and cadres at all levels throughout the region. Third, we should depend on the spirit displayed by the 20 million people of various nationalities throughout the region in uniting as one to wage arduous struggle. At present, we should consider our work in line with following tasks:

1. Efforts should be made to unify thinking, to upgrade understanding, and to be fully confident in overcoming these difficulties. [passage omitted]

2. Efforts should be made to deepen the drive to conduct reform and to develop productive forces. This is a fundamental guarantee for us to win a victory in overcoming the difficulty. [passage omitted]

3. Efforts should be made to develop the political situation of unity and stability. [passage omitted]

4. Party and government organs must be honest in performing their official duties. [passage omitted]

Our party is an organ that serves the people wholeheartedly and our government is always honest in performing its official duties. We must acknowledge this point because it is the main current at present. However, we cannot but acknowledge that there are still many problems and contradictions that have been caused by the dishonesty of cadres. There are indeed a few persons who have directly brought harm to the interests of the state and the people and destroyed the image of the party and government by manipulating power and committing dereliction of duty, extorting money, embezzeling public funds, and accepting bribes. We must deal strict blows to these persons and to anyone we find. Regional level departments concerned will formulate concrete regulations in the near future on directing the cadres of party and government organs to be honest in performing their official duties. Various localities and departments should also draw up some practical regulations in this regard. Cadres at all levels should set examples and play a model role in this regard so as to realistically enable the party and government organs to become honest in performing their official duties, achieve high work efficiency, and abide by the law and discipline.

Inner Mongolia Organization, Personnel Changes
SK1207080788 Hohhot NEIMENGGU RIBAO
in Chinese 13 Jun 88 p 1

[Text] According to the relevant regulations governed by the "PRC's Organic Law for Local Congresses, Governments" and work requirements, the First Session of the Seventh Inner Mongolia Autonomous Regional People's Congress adopted the following decisions on the organizational set-up under the regional People's Congress Standing Committee:

1. The General Office; the Nationalities Committee; the Financial and Economic Committee; and the Education, Science, Culture, and Public Health Committee; remain unchanged.

2. The former Politics and Law Committee is changed into the Internal Affairs and Judicial Committee, and the former Legislative Affairs Group is changed into the Legislative Affairs Committee.

The first session of the Seventh Autonomous Regional People's Congress also adopted the following decisions on personnel changes on 12 June 1988:

Xu Lingren was dismissed from his post of the chairman of the autonomous regional Science and Technology Commission. Baoyintaoketu was dismissed from his post of the director of the autonomous regional Commerce Department. Menghetemuer was dismissed from his post of the director of the autonomous regional Judicial Department. Zhao Xijun was dismissed from his post of the director of the autonomous regional Culture Department.

Tianjin People's Congress Appoints New Personnel
SK1207105088 Tianjin TIANJIN RIBAO
in Chinese 3 Jun 88 p 2

[Appointments of personnel of the 11th Tianjin Municipal Government discussed and approved at the First Standing Committee meeting of the 11th Tianjin Municipal People's Congress on 2 June]

[Text] Secretary general of the Tianjin Municipal People's Government: Fang Fengyou [2075 7685 0645]

Director of the Research Office of the Tianjin municipal people's government: Zheng Zhiying [6774 6347 5391]

Director of the Tianjin Municipal Planning Commission: Li Shenglin (2261 4141 7207)

Director of the Tianjin Municipal Economic Commission: Zhang Huaguo [1728 5478 0948]

Director of the Tianjin Municipal Urban and Rural Construction Commission: Liu Yulin [0491 3768 7792]

Director of the Tianjin Municipal Commercial Commission: Wang Enhua [3076 1869 5478]

Director of the Tianjin Municipal Foreign Economic Relations and Trade Commission, and foreign affairs office of the Tianjin Municipal Government: Zhang Wei [1728 3555]

Director of the Tianjin Municipal Rural Work Commission: Wang Liji [3769 4539 0679]

Director of the Tianjin Municipal Scientific and Technological Commission: Wang Chenghui [3769 2052 2037]

Director of the Tianjin Municipal Education and Public Health Commission: Qian Qiao (concurrent)

Chairman of the Tianjin Municipal City Appearance and Sanitation Administrative Committee: Gao Baohua [7559 1405 5478]

Chairman of the Tianjin Economic and Technological Development Zone Administrative Committee: Ye Disheng [0673 6611 3932]

Director of the Tianjin Municipal Commission for Economic Restructuring: Cai Wenlong [5591 2429 7893]

Chairman of the Tianjin Municipal Staffing Committee: Nie Bichu (concurrent)

Director of the Tianjin Municipal Family Planning Commission: Liu Jin [0491 6855] (female)

Director of the Civil Air Defense Office of the Tianjin Municipal People's Government: Qian Degui [6929 1795 6311]

Director of the Economic Cooperation Office the Tianjin Municipal People's Government: Liu Wentao [0491 2429 3447]

Director of the Technical Transformation Office of the Tianjin Municipal People's Government: Liu Wenfan [0491 2429 5672]

Director of the Overseas Chinese Affairs Office of the Tianjin Municipal People's Government: Li Feng [2621 1496]

Director of the Tianjin Municipal Personnel Bureau: Gao Jianhua [7559 1696 5478]

Director of the Tianjin Municipal Archives Bureau: Chen Jinxiu [7115 6930 4423]

Director of the Tianjin Municipal Department Administrative Bureau: Liu Deli [0491 1795 4409]

Director of the religious affairs section of the Tianjin Municipal People's Government: Pan Lianjing [3382 6647 3068]

Director of the Tianjin Municipal Financial Bureau and the Tianjin Municipal Tax Bureau: Yue Shugong [1471 2885 0501]

Director of the Tianjin Municipal Auditing Bureau: Zhang Yuqi [1728 3768 3823]

Director of the Tianjin Municipal Labor Bureau: Qi Pengfei [3459 7720 7378]

Director of the Tianjin Municipal Material Administrative Bureau: Tian Zhaozhen [3944 0340 4394]

Director of the Tianjin Municipal Price Bureau: Zhi Gang [6736 0474]

Director of the Tianjin Municipal Metallurgical Industrial Bureau: Wang Kechang [3769 0344 2490]

Director of the Tianjin Municipal Chemical Industrial Bureau: Xiang Bopeng [7309 0130 7720]

Director of the Tianjin Municipal Machine-Building Administrative Bureau: Jin Jiyuan [6855 4764 0337]

Director of the Tianjin Municipal Electronic Instrument and Meter Industry Administrative Bureau: Shi Qilin [2514 0366 2651]

Director of the Tianjin Municipal First Light Industrial Bureau: Zhang Shiyong [1728 1102 0516]

Director of the Tianjin Municipal Second Light Industrial Bureau: Wang Shuming [3769 2885 2494]

Director of the Tianjin Municipal Textile Industrial Bureau: Yu Guangcai [0060 1639 2088]

Director of the Tianjin Municipal Medical Administrative Bureau: Zhang Ning [1728 1337]

Director of the Tianjin Municipal Standardization Bureau: Huang Xin [7806 2450]

Director of the Tianjin Municipal Communication Bureau: Li Zhikun [2621 5268 3824]

Director of the Tianjin Municipal Planning and Designing Administrative Bureau and the Tianjin Municipal Land Administrative Bureau: Miao Zhongquan [4924 0112 3123]

Director of the Tianjin Municipal Real Estate Administrative Bureau: Chen Lin [7115 2651]

Director of the Tianjin Municipal Construction Engineering Bureau: Cheng Xueying [4453 1331 4481]

Director of the Tianjin Municipal Building Material Industry Administrative Bureau: Li Ke [2621 0344]

Director of the Tianjin Municipal Engineering Bureau: Wang Tianlin [3769 1131 7792]

Director of the Tianjin Municipal Public Utilities Bureau: Wang Zhicheng [3769 1807 2052]

Director of the Tianjin Municipal Park Administrative Bureau: Wang Rong [3769 2837]

Director of the Tianjin Municipal Environmental Sanitation Administrative Bureau: Zhao Baoyuan [6392 1405 0337]

Director of the Tianjin Municipal Environmental Protection Bureau: Yue Jiwei [1471 4764 0251]

Director of the Tianjin Municipal Local Railway Administrative Bureau: Lin Daoquan [2651 6670 3123]

Director of the Tianjin Municipal First Commercial Bureau: Ma Yongxiang [7456 3057 4382]

Director of the Tianjin Municipal Second Commercial Bureau: Long Huaikao [7893 2037 5072]

Director of the Tianjin Municipal Grain Bureau: Zhang Xuebo [1728 1331 0590]

Director of the Tianjin Municipal Industrial and Commercial Administrative Bureau: Liu Wentian [0491 2429 3944]

Director of the Tianjin Municipal Foreign Trade Bureau: Du Minghao [2629 2494 4110]

Director of the Tianjin Municipal Tourist Bureau: Lu Fenyang (female)

Director of the Tianjin Municipal Port Administrative Bureau: Zhu Qingyuan [4376 1987 4878]

Director of the Tianjin Municipal Agricultural and Forestry Bureau: Chen Zhonghuai [7115 6988 2849]

Director of the Tianjin Municipal Water Resources Bureau and the Tianjin Municipal Administrative Bureau for the Luan He Water Diversion Project: Zhang Zhimiao [1728 1807 3267]

Director of the Tianjin Municipal Township Enterprise Administrative Bureau: Li Yingqun [2621 5391 5028]

Director of the Tianjin Municipal Secondary Education Bureau: Miao Liyin [4924 4409 1377]

Director of the Tianjin Municipal Public Health Bureau: Qiao Maobin [0829 2021 1755]

Director of the Tianjin Municipal Physical Culture and Sports Commission: Qiu Yong [0092 8673]

Director of the Tianjin Municipal Cultural Bureau: Xie Guoxiang [6200 0948 4382]

Director of the Tianjin Municipal Press and Publication Administrative Bureau: Hao Zhichong [6787 1807 1504]

Director of the Tianjin Municipal Radio and Television Bureau: Zhang Zaiming [1728 0357 7687]

Director of the Tianjin Municipal Public Security Bureau: Song Pingshun [1345 1627 7311]

Director of the Tianjin Municipal State Security Bureau: Liu Dianjie [0491 1156 2638]

Director of the Tianjin Municipal Civil Affairs Bureau: Guo Yanyi [6753 1693 4135]

Director of the Tianjin Municipal Judicial Bureau: Zhao Ruji [6392 0320 1015]

Director of the Tianjin Municipal Supervision Bureau: Li Dengjing [2621 4098 4842]

Chen Yiyi was appointed deputy chief procurator of the Tianjin Municipal People's Procuratorate and member of its Procuratorial Committee.

Chen Guoli [7115 0948 0448] was appointed deputy chief procurator of the Tianjin Municipal People's Procuratorate and member of its Procuratorial Committee.

Liu Chen [0491 6591] was appointed deputy chief procurator of the Tianjin Municipal People's Divisional Procuratorate and member of the Procuratorial Committee, and was relieved from the post as member of its Procuratorial Committee of the Tianjin Municipal People's Procuratorate.

Northeast Region

Large Silver Deposit Discovered in Jilin
HK1207143988 Beijing CEI Database in English
12 Jul 88

[Text] Changchun (CEI)—A large silver deposit was discovered recently in Siping City, Jilin Province.

Prospecting shows that its silver reserve ranks first in China. And the quality is good. Associated gold is easy to be separated and recovered.

The mine has been listed as a key development project and is expected to go into operation by 1991.

Liaoning Plenum Calls For Combatting Corruption
OW1207225688 Beijing XINHUA Domestic Service
in Chinese 0627 GMT 1 Jul 88

[By reporters Wang Qixing, Meng Xianmin]

[Text] Shenyang, 1 Jul (XINHUA)—The Sixth (Enlarged) Plenary Session of the Sixth Liaoning Provincial CPC Committee, which concluded yesterday, urged party and government organs at all levels and their functionaries to further foster the idea of serving the people wholeheartedly and firmly resist and combat all corrupt phenomena. To this end, the Liaoning provincial party committee adopted the following four specific regulations:

—Party and government organs and their cadres are not allowed to engage in business and run enterprises. Except for special cases approved by authorities, they are not allowed to hold part-time jobs in enterprises. All cadres, both active or retired, are not allowed to buy goods at subsidized prices and resell them at higher prices or seek private gains at public expense by speculating in scarce goods.

—Party and government organs must not turn their bounden duties into "compensated services" by demanding all sorts of fees from grassroots units and

enterprises, nor are they allowed to collect, in violation of state regulations, "commissions" for economic transactions under all kinds of pretexts.

—It is forbidden to extort money or goods from grass-roots units or enterprises by abusing the powers of allotting funds and materials, approving projects, issuing licenses, and exempting taxes.

—Ostentation and extravagance in holding meetings and in entertaining visitors, as well as lavish wining and dining in excess of the standards for board, are strictly forbidden.

The Liaoning provincial party committee stressed that in making the government honest and upright, we should focus on party and government organs at all levels, including grass-roots law-enforcement, administrative, and public utilities departments, starting from the provincial party committee and government. To this end, the provincial party committee has decided that party discipline inspection departments and state procuratorial departments must cooperate closely in investigating and publicly dealing with some major cases involving abuse of powers for personal gains in the second half of this year. Efforts should be made to investigate and study, one front after another, the problems in the industrial and commercial, taxation, prices, public security departments about which the people complain most to find out their root causes so that we can solve them by instituting or amplifying rules and regulations, increasing the extent of openness, and strengthening supervision by the masses. The Liaoning provincial party committee has also decided that supervisory and procuratorial organs at all levels should design centers for handling accusations at an early date and give them wide publicity in the media to bring into full play the system of people reporting offenses to the authorities.

Northwest Region

Gansu CPC Holds Meeting on Economic Development
HK1307022588 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 12 Jul 88

[Excerpts] A provincial work conference convened by the provincial party committee and government opened in Lanzhou on 12 July. On the basis of conveying and implementing the spirit of relevant circulars of the CPC Central Committee, this meeting will review the situation in the province in the 1st half of the year, make arrangements for work in the 2d half, and also refer to the experience of Guangdong in studying and discussing the main policies and measures for further emancipating the mind, deepening the reforms, and speeding up the province's economic development, so as to further develop Gansu's social productive forces.

Li Ziqi spoke first at the meeting. After reviewing the course followed by the province since the 3d Plenary Session of the 11th CPC Central Committee in persisting in promoting steady economic development by means of reform, he said: Gansu's policies and construction are now facing a crucial moment. We should boost our confidence, be bold in reforms, and unify our thinking and steps on the following issues: 1) We must understand clearly that unless Gansu rises abruptly in the course of competition, it will lag behind all the rest. 2) We must seize the opportunity and use the existing foundation and conditions to speed up our development. 3) We must work hard to deepen our understanding of the province's conditions and lay stress on the strong points of each locality. 4) The way out for Gansu to speed up its development is to be bold in reform and relax the policies. 5) In speeding up Gansu's development, we must work in concert to traverse the difficult pass together. [passage omitted]

Li Ziqi and Jia Zhijie then delivered a report on their study and investigation of Guangdong, entitled *Be Bold in Carrying Out Reforms and Take Advantage of the Strong Points To Promote Development*.

The meeting was attended by responsible comrades of the province including Huang Luobin, Xu Feiqing, and Ge Shiyang, and of the prefectures, cities, counties, and districts. [passage omitted]

Shaanxi Reports Industrial Progress, Problems
HK1307024788 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 12 Jul 88

[Excerpts] As a result of improving and deepening contracted management in enterprises, Shaanxi's industrial output registered sustained and steady growth in the 1st half of the year. Total output value of industry above township-level was 11.05 billion yuan, an increase of 12.3 percent compared with the same period last year. [passage omitted]

In view of the power shortage problem, the departments concerned have adopted the methods of borrowing electricity from other provinces, cutting power supplies for nonproductive use, and ensuring power supplies for enterprises with good economic returns, thus easing the shortage. Monthly industrial output value during the 2d quarter exceeded 1.9 billion yuan, and the figure in June was 2,228 million yuan. Output value during the 2d quarter rose by 29.35 percent over the 1st quarter. [passage omitted]

Profits and taxes of industry covered by the budget showed a rise of 17.98 percent during the 1st half of the year compared with the same period last year.

KMT Congress Revises Policy Toward Mainland
OW1207182988 Beijing XINHUA in English
1741 GMT 12 Jul 88

[Text] Hong Kong, July 12 (XINHUA)—The on-going 13th Congress of the Chinese Kuomintang [KMT] today revised its policy towards the mainland after the original draft met strong opposition from representatives, according to Taipei news reports received here.

The revised "Present Policy Towards the Mainland" adopted at the congress allows mainland compatriots to "visit their ailing directly-related relatives and spouses in Taiwan or to come to attend their funerals on the island by treating such cases according to their particular circumstances."

The revised "policy" has also relaxed restrictions on Taiwan residents' visit to their relatives on the mainland.

Yu Kuo-hua, president of the "Executive Yuan", said that leading bodies concerned will make relevant decrees and regulations for its implementation, which will be timely checked and improved.

During group discussions of the draft policy, quite a number of representatives raised criticisms, some saying that the draft lags behind reality in the exchanges between people on both sides of the Taiwan Strait.

Beijing Academics Review Mainland Policy
HK1207020688 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 27, 4 Jul 88 pp 5-6

[Article by Li Dahong (2621 1129 1347): "Beijing Academics Comment on Taiwan Authorities' Policy Toward the Mainland"—passages in boldface as published]

[Text] On the eve of the convocation of the 13th KMT [Kuomintang] Congress, three academics in Beijing hoped that during the congress the KMT authorities would work out a more rational, active, and feasible policy toward the mainland, which would promote mutual exchanges between both sides of the strait. Moreover, they reminded their fellow countrymen not to overlook interference or meddling by outside forces in the relations between both sides of the strait.

The three academics, namely, Guo Xiangzhi, associate research fellow at the Taiwan Research Institute of the Chinese Academy of Social Sciences and director of the Editorial Department of TAIWAN YANJIU (TAIWAN STUDIES); Zhang Jingxu, associate research fellow; and Tang Yi, assistant research fellow, aired the above-mentioned views in an interview with this reporter.

A Welcome Change [subhead]

Associate research fellow Guo Xiangzhi said: The past year has seen development in Taiwan's situation and in relations between both sides of the strait. It has been a

year of great significance. Its outstanding manifestations were: While carrying out new innovative policies, such as lifting "martial law" and lifting the "ban on political parties and newspapers," the KMT authorities have also adopted measures to improve relations between both sides of the strait. Undoubtedly, these measures have helped break down the 40-year estrangement between both sides of the strait, eased the tense relationship of confrontation between them, and promoted progress toward elimination of hostility and increased understanding. This is an inevitable trend in historical development. It is also the inevitable result of profound changes in Taiwan's politics, economy, and culture since the KMT authorities went there 40 years ago.

Naturally, we should also note that this relaxation has something to do with certain ideological changes among KMT leaders under the impetus of the internal and external situations. The late KMT President, Mr Chiang Ching-kuo, in particular, was aware in his later years that it was impossible for the KMT not to change its principles and policies along with the changes of the times and trends. Therefore, prevailing over all dissenting views, he began conducting a political reform on the island and adopted some flexible measures on relations between both sides of the strait. Although these changes were a little too late, he nevertheless made a start in changing these relations.

What is noteworthy is that, after Mr Chiang Ching-kuo's death, the new KMT leaders headed by Li Teng-hui, in line with the behest of Mr Chiang Ching-kuo, have upheld the stands on "one China" and that the country must be reunified. They have persisted in their opposition to Taiwan's independence and made further efforts to relax controls over nongovernmental exchanges between both sides of the strait. They will adjust their mainland policy at the 13th KMT Congress to be held on 7 July. The people of the whole country are very concerned about the Taiwan authorities' action on relations between both sides of the strait and will appreciate and welcome any progress they may show.

Associate research fellow Zhang Jingxu said: During its 13th congress the KMT authorities are going to readjust their mainland policy against a profound background. First, since the Taiwan authorities relaxed controls over family visits by Taiwan compatriots last November, the Taiwan authorities and people from all walks of life have unanimously held that this policy has yielded more advantages than disadvantages. This policy has enabled the relations between both sides of the strait to become innovative and lead to unprecedented movements on both sides. Moreover, it has also brought to light Taiwan's numerous structural problems in politics, laws, economy, and cultures, as well as its difficulties and predicament in the existing laws, policies, and systems. Consequently, they have to readjust their policy toward the mainland.

Second, the Taiwan people are very much dissatisfied with the authorities' existing mainland policy. This dissatisfaction finds expression in three respects: 1) The present policy is not clear-cut enough in its objectives and lacks foresight and initiative; 2) the policy lacks careful planning and there is a lack of coordination among the executive units; and 3) most of the policies and measures are temporary and makeshift devices and therefore have not been carefully worked out. For this reason, all people unanimously demand that the 13th KMT Congress work out an open and more farsighted policy toward the mainland. They hope that nongovernmental cultural and academic exchanges between both sides of the strait can gradually be launched on a larger scale; that, in addition to attending the funeral of parents or grandparents, compatriots from the mainland should also be allowed to visit relatives; and that people from the media circles in Taiwan should be allowed to go to the mainland on a news-gathering mission.

Some Impractical Arguments [subhead]

Guo Xiangzhi said: For some time, in an attempt to defend their mainland policy, the KMT authorities have advanced various arguments:

—The so-called failure on the part of the CPC to make a positive reaction to the measures adopted by the KMT authorities over the past 6 months to relax tensions in the relations between both sides of the strait. Shao Yu-ming, "head of the Information Bureau" of Taiwan's Executive Yuan, recently said in the United States that "the ball has been kicked to the side of Communist China" and that, since the reaction of Communist China to Taiwan has been "unfriendly" over the past 6 months, Taiwan "can only stop here" in its flexible policy toward the mainland.

In Guo Xiangzhi's view, if Shao did not utter this argument with ulterior motives, he is too forgetful of things. Since the "Letter to Taiwan Compatriots" was made public in January 1979, the mainland has opened its door, sincerely welcoming the "three communications" and the "four exchanges." To this end, it has adopted various measures. This is evident to all. Last November, when the KMT decided to lift the ban on family visits by Taiwan compatriots to the mainland, a responsible person of the State Council quickly issued a statement, welcoming the decision of the Taiwan authorities to let Taiwan compatriots go to the mainland to visit relatives. He also guaranteed that Taiwan compatriots can come and go freely and that care will be taken to make things easy for Taiwan compatriots to visit relatives. The day after the statement was made, the General Office of the State Council made public a seven-point procedure for receiving Taiwan compatriots coming to the mainland to visit relatives or travel, stipulating that Taiwan compatriots visiting relatives enjoy the same treatment as mainland tourists and that they can freely go to all parts of the country to visit places of interest. Since the Taiwan authorities lifted the ban on

family visits by Taiwan compatriots, more than 70,000 of them have come to the mainland. But so far the KMT authorities have not allowed compatriots from the mainland to go to Taiwan to visit relatives. Isn't this contrary to reason? How can Mr Shao say that "Communist China has not made a friendly reaction"?

Guo Xiangzhi said: In truth, the flexible measures adopted by the KMT authorities are only a feeble reaction to China's proposal on peaceful reunification. As the Taiwan authorities put it, in answer to certain flexible measure on the part of Taiwan, China should promise renunciation of force under all circumstances, give up the "four upholds" on the mainland and, in international exchanges, make concessions on "dual recognition" and "one country, two seats." If this is what they call a "positive reaction," these demands are both unfair and unreasonable. Just think. Given that the state has not been reunified and Taiwan is still being coveted by others, how can we carelessly announce renunciation of force? Since China's proposal to solve the reunification problem under the principle of "one country, two systems" does not call for changes in Taiwan's present system, hasn't the KMT set too high a demand by calling for changes in the mainland system? If the "dual recognition" or "one country, two seats" can be practiced internationally, then where is the principle of "one country?" To use a metaphor, this is as if the mainland has opened its gate long ago in a sincere effort to achieve "three communications" with the KMT and Taiwan authorities, while the Taiwan authorities, who have have only opened the door a little, want the mainland to dismantle the entire house. Is this reasonable?

—On the argument that the KMT authorities have been forced to implement the "three nos" policy because Communist China has refused to renounce force and upheld the "four cardinal principles." This does not conform to reality. If only we review the past, it will not be difficult to see that from the publication of the "Letter to Taiwan Compatriots" by the NPC Standing Committee in January 1979 to Ye Jianying's talks with XINHUA reporters on 30 September 1981, as well as Deng Xiaoping's conversation with Mr Yang Li-yu, professor of East-West University in New Jersey, U.S.A., on 26 June 1983, China consistently upheld the basic principle of peaceful reunification. It never mentioned the use of force. On numerous occasions Deng Xiaoping and other Chinese leaders stressed that, in solving the Taiwan and Hong Kong issues, there could be two ways: One is peaceful and the other is nonpeaceful. The nonpeaceful means (even if force is used to solve the problem) is not good. In January 1984, when answering questions by foreign reporters in San Francisco, Premier Zhao Ziyang, the then Chinese premier, explicitly pointed out further that we sincerely strive for the return of Taiwan to the motherland by peaceful means but we cannot promise other countries the use of one means to the exclusion of other means because this is, after all, China's internal affairs. This concise and comprehensive reply was aimed at certain forces in the United States. As

everybody knows, on the eve of Zhao Ziyang's visit to the United States, namely, in November 1983, the U.S. Senate Foreign Relations Committee passed a "Resolution on Taiwan's Future," openly demanding that the solution of the Taiwan issue must "conform to the 'Taiwan Relations Act.'" This was a gross interference in China's internal affairs. It was under such circumstances that Zhao Ziyang made such a remark. Soon after that, the U.S. Senate Foreign Relations Committee again passed in April 1985 the "Taiwan Democracy Amendment Bill." In addition to openly referring to Taiwan as a "state," it again played the same old tune, thus laying bare some forces in the United States interfering in China's internal affairs. This is the reason why Chinese leaders later reaffirmed on different occasions that China would not promise renouncement of force. We shall never allow foreigners to influence China's internal affairs. On the contrary, China has never said anything to the Taiwan people about the use of force. It has always stood for the use of peaceful means to solve the Taiwan issue. The Taiwan authorities should understand this.

In fact, the "three nos" policy of the Taiwan authorities was put forward before Zhao Ziyang's remarks and even before the principle of "peaceful reunification" was raised in the "Letter to Taiwan Compatriots." This policy was needed politically by the KMT authorities to defend their rule. It was their psychological reflection to persist stubbornly in their anticommunist stand. It was by no means forced by China.

—On the so-called necessity to have a "new concept" in dealing with relations between both sides of the strait. Guo Xiangzhi said that as an academic, he is interested with the "new concept" put forward by the new leaders of the KMT authorities. However, if they put forward the "new concept" to force China to renounce the use of force and to discard the "four upholds" and the "one country, two systems," or if they uphold their "old concept," we cannot agree to this "new concept." The pressure felt by the KMT today is not entirely due to the fact that China has "upheld" the "four cardinal principles" and the principle of "one country, two systems." More importantly, it is caused by the strong impact of the development of the situation and by the fact that the Taiwan authorities still stick to their "three nos" policy and the hostile consciousness. Why can the Taiwan authorities not examine themselves: Today, even the two superpowers can sit down at the negotiating table for peace talks. The Taiwan authorities, while persisting in their anticommunist stand, have direct contact with Eastern Europe, the Soviet Union, and other communist countries. Why do they treat China differently? Not only do they persist in their policy of no contact, no negotiation, and no concession, they have also stressed "political counteroffensive," "peaceful evolution," and even "elimination" of the communist regime. What is this "new concept" anyway? In dealing with the question of reunification, it is indeed necessary to have a "new concept." This new concept means it is necessary to look reality in the face. It should be noted that in today's

world there are two social systems, socialism and capitalism, and that there are differences between Taiwan and the mainland in terms of both social system and way of life. For this reason, it is necessary to solve as quickly as possible the question of reunification on the basis of seeking common ground while reserving difference on major issues. The principle of "one country, two systems" is precisely a new concept suited to the current situation.

Interference and Meddling by Outside Forces Should Not Be Overlooked [subhead]

Guo Xiangzhi pointed out: It should be soberly noted that there are still various obstacles in the current development of relations between both sides of the strait. These obstacles come from many sources. Interference and sabotage by outside forces are important external factors. Based on their own interests, they do not want to see relaxation in relations between both sides of the strait, still less do they want to see the development of peaceful reunification between both sides of the strait. Facts over the past few years have shown that whenever relations between both sides of the strait change and develop, the outside forces are increasingly obvious in their interference and meddling. They always try to perpetuate a split situation of "no war, no peace, no reunification, and no independence" in the relations between both sides of the strait. But their sinister motive will eventually be seen through by the Chinese people, which makes it difficult for them to realize their wishful thinking. Are not changes in relations between both sides of the strait over the past few years convincing proof?

Tang Yi said: People notice that the "Mainland Policy Case" approved in principle by the KMT Central Executive Committee has not been as liberal as has been expected by the people on both sides of the strait and that it has been tainted with a very strong conservative color. In a sense, this represents retrogression. Why has such a situation emerged? In Tang Yi's view, there are three factors: 1) influence of some people in the United States; 2) restraint by the Democratic Progress Party on the island; and 3) differences of view within the top KMT hierarchy. Of these, interference and meddling by some people in the U.S. on the policy of the Taiwan authorities toward the mainland cannot be overlooked.

Since the Taiwan authorities adopted an open approach in the 2d half of last year, there has indeed been a big breakthrough in relations between both sides of the strait. Some people in the United States have always adopted an obstructive attitude toward these gratifying changes. They do not want to see real improvements in relations between both sides of the strait and the realization of reunification through peace talks between the KMT and the CPC. From the current policy of the Taiwan authorities toward the mainland we can see the influence exerted by certain people in the United States.

In comparison with the past, in the present policy of the Taiwan authorities toward the mainland there are two points drawing people's attention: 1) The Taiwan authorities explicitly put forward "political counteroffensive against the mainland"; 2) they link the mainland policy with the democratization and localization policies on the island and their policy to break away from the diplomatic predicament. We can see that their real intention in restricting relations between both sides of the strait to family visits and indirect trade is to coordinate this with nongovernmental contact in cultural, academic, and sports fields, to raise the banner of "peace" in the world and on the island, to continue implementing the basic policy of "one China," "opposition to Taiwan's independence," and rejection of "one country, two systems" which Chiang Ching-kuo had defined before his death, and to create a long-standing situation of peaceful confrontation characterized by "peace without peace talks and division without a split." Then, they will try to affect progress on the mainland with the "Taiwan pattern" so as to increase their capital on the negotiating table, to haggle with China and to attain a pattern favorable to the KMT authorities.

This policy is not only self-contradictory and unreasonable but also reflects the KMT authorities's narrow mindedness in dealing with relations between both sides of the strait and the great cause of reunification, which is characterized by more hesitation than decisiveness and more care for small interests than pursuit of great plan.

Tang Yi pointed out: The fundamental factor of Taiwan's stability and development lies in the mainland. Only by improving relations between both sides of the strait and achieving peaceful reunification at an early date will the KMT authorities be able to get rid of their predicament. Taiwan's existing mainland policy is totally unable to adapt to the favorable momentum that has emerged in relations between both sides of the strait. For this reason, it is hoped that the Taiwan authorities will conform to historical trend instead of cherishing illusions toward any outside forces or certain factors on the island, remove their hostile attitude toward the mainland, and work out a totally open, reasonable policy of mutual contact with the mainland.

Premier Yu Said Considering Resigning
*HK1307103288 Hong Kong AFP in English 1017 GMT
13 Jul 88*

[Text] Taipei, July 13 (AFP)—Premier Yu Kuo-hwa, who suffered an embarrassing setback in elections to the ruling Kuomintang [KMT] Central Committee, has said he is considering resigning, a newspaper said Wednesday.

"I am considering this (resigning) but have not submitted" my resignation, the CHINA TIMES EXPRESS quoted the 74-year-old premier as telling its reporters. Asked by other journalists to confirm the CHINA TIMES EXPRESS report, Mr. Yu said "The paper said it, I did not," but added "I did not say whether the paper is right or wrong."

Mr. Yu, facing calls within the party for him to step down from the premiership, was third in a list of 180 party nominees to the KMT Central Committee but was returned in only 35th place in elections Tuesday. Observers said the election result of Mr. Yu, seen as a conservative, in a new committee where younger, reform-minded technocrats received strong support, could cost him the premiership in a cabinet reshuffle expected after the KMT congress which ends Wednesday.

There is widespread speculation here that the powerful reform-minded KMT secretary general Li Huan, who headed the new central committee list by winning 1,055 votes out of a possible 1,209 could replace Mr. Yu. The 71-year-old secretary general has declined to comment on the possibility of his being named the new premier.

Academics and liberal KMT members have demanded a new premier, arguing that the conservative Mr. Yu would slow the pace of democratization and hamper social and political reforms endorsed by the congress.

Kuomintang Elects Central Committee
*OW1207174988 Taipei CNA in English 1530 GMT
12 Jul 88*

[Text] Taipei, July 12 (CNA)—A new 180-member Central Committee of the Republic of China's ruling Kuomintang [KMT] was elected Tuesday at the eighth plenary session of the party's 13th national congress being held on Yangmingshan, suburban Taipei.

Heading the list of the 180 committee members was KMT Secretary-General Li Huan, who received 1,055 votes, the highest of all candidates.

Sun Yun-suan, former premier and currently senior adviser to the president, was in second place, followed by James Soong, deputy secretary-general of the Kuomintang; Lin Yang-kang, president of the Judicial Yuan; Wu Poh-hsiung, minister of the interior; John H. Chang, vice foreign minister; and Chiu Chuang-huan, Taiwan governor.

Former Vice President Shieh Tung-min, also a senior adviser to the president, was in the No 13 slot. Next to him was Gen. Hau Pei-tsun, chief of the general staff.

Premier Yu Kuo-hua placed 35th, and Foreign Minister Ting Mou-shih 37th.

The 180 Central Committee members were elected from 360 candidates, half of whom nominated by party Chairman Li Teng-hui, concurrently president of the Republic of China, and the other half nominated by delegates to the congress. Thirty-three of the officially nominated candidates failed to be elected.

Altogether 1,200 delegates cast their ballots in the election. Each delegate could vote for up to 180 candidates.

Twenty-two ballots were void, including 17 that voted for more than 180 candidates. A total of 142,001 votes were cast from the 1,178 valid ballots, 65.74 Percent of the total possible 216,000 votes. The average number of votes per ballot was 120.5. The lowest number of votes for an elected candidates was 339.

An analysis shows that the average age of the new KMT Central Committee is 58.68. The great majority are highly educated, with 43 holding Ph.D. degrees and 37 having masters degrees. Sixty-five of them are college graduates.

They represent a wide spectrum of occupations, with 67 from different departments of the government, 30 from legislative bodies at different levels, 18 from KMT party organizations, and 13 from education circles.

Ninety alternate members of the Central Committee were also elected, with the member in the bottom slot getting 227 votes.

The election, which took four hours and 45 minutes to complete, followed strict procedures to ensure fairness. All votes were counted by computers.

Easing of Restrictions on Mainland Wool Urged
*OW1107050388 Taipei CNA in English 0252 GMT
11 Jul 88*

[Text] Taipei, July 11 (CNA)—An agricultural official suggested last Saturday that the government ease restrictions on the indirect import of wool and animal skins from the China mainland since such imports would not have a strong impact on the domestic economy.

Chen Chin-chang, a technician with the Husbandry Department of the Council of Agriculture [COA], said that there is a great demand for wool and leather, but domestic production is very limited. According to COA statistics, the nation imported 201,358 metric tons of animal skins and wool, worth U.S. dollars 595.26 million, in 1987. The import volume more than doubled that for 1981, Chen noted.

He reported that cowhide, calfskin, pigskin and sheep wool formed the bulk of Taiwans wool and leather imports. Their combined import value accounted for more than 10 percent of Taiwans total imports. Taiwan annually produces only about 10,000 cowhides and 1.2 million to 1.3 million pigskins. Local demand, however, far outpaces local production, Chen said.

He also pointed out that while Taiwan currently does not produce rabbit skins and hair, local demand for the two items has been rising rapidly with the rise in living

standards. The China mainland produces more than 5,000 metric tons of Angora rabbit hair annually, accounting for about 80 percent of the world's total production. It would certainly be more advantageous than disadvantageous if the government allowed indirect imports of rabbit hair from the mainland, Chen opined.

He added that as processing costs are rising steadily here, the government should help local wool and leatherware manufacturers secure lower-priced materials in order to maintain their competitive edge on world markets.

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14 July 88

